

2001

# Jack J. Grynberg, Celeste C. Grynberg, and L and R Exploration Venture v. Questar Pipeline Company : Brief of Appellee

Utah Supreme Court

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Brent V. Manning; Alan C. Bradshaw; Manning Curtis Bradshaw and Bednar LLC; Attorneys for Appellants.

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**IN THE UTAH SUPREME COURT**

JACK J. GRYNBERG, CELESTE C.	)	
GRYNBERG, and L & R	)	
EXPLORATION VENTURE,	)	
	)	
	)	
Plaintiffs-Appellants,	)	
	)	
v.	)	Case No. 20010731-SC
	)	
QUESTAR PIPELINE COMPANY,	)	
a Utah corporation, QUESTAR GAS	)	Third District No. 990909729
MANAGEMENT COMPANY, a	)	
Utah Corporation, and QUESTAR	)	
ENERGY TRADING COMPANY, a	)	Priority No. 15
Utah corporation,	)	
	)	
Defendants-Appellees.	)	
	)	

**ADDENDUM OF APPELLEES**

On appeal from the final judgment of the Third Judicial District Court for Salt  
Lake County, Honorable Timothy R. Hanson, District Judge

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Attorneys for Appellees

January 11, 2002

**FILED**  
JAN 11 2002  
CLERK SUPREME COURT  
UTAH

## IN THE UTAH SUPREME COURT

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JACK J. GRYNBERG, CELESTE C.	)	
GRYNBERG, and L & R	)	
EXPLORATION VENTURE,	)	
	)	
	)	
Plaintiffs-Appellants,	)	
	)	
v.	)	Case No. 20010731-SC
	)	
QUESTAR PIPELINE COMPANY,	)	
a Utah corporation, QUESTAR GAS	)	Third District No. 990909729
MANAGEMENT COMPANY, a	)	
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Utah corporation,	)	
	)	
Defendants-Appellees.	)	
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## ADDENDUM OF APPELLEES

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On appeal from the final judgment of the Third Judicial District Court for Salt Lake County, Honorable Timothy R. Hanson, District Judge

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January 11, 2002

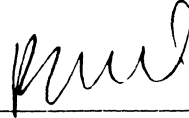
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Dated this 11th day of January, 2002.

Respectfully submitted,



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Attorneys for Appellees

## **CERTIFICATE OF SERVICE**

I certify that on this 11<sup>th</sup> day of January, 2002, I served two copies of this document to the following by U.S. Mail, postage prepaid:

Brent V. Manning  
Alan C. Bradshaw  
MANNING CURTIS BRADSHAW & BEDNAR LLC  
10 Exchange Place, 3<sup>rd</sup> Floor  
Salt Lake City, Utah 84111



Tab 1

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING

L & R EXPLORATION VENTURE, <u>et al.</u> ,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Civil Action No. 87-0327
	)	
QUESTAR CORPORATION, <u>et al.</u> ,	)	
	)	
Defendants.	)	

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SETTLEMENT AGREEMENT

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Plaintiffs and defendants hereby agree as follows in full settlement of all claims that were or could have been asserted in the above-captioned action:

1. In full settlement of all of defendants' obligations on account of take-or-pay provisions in the gas purchase agreements (the "Agreements") between the parties through the calendar year 1997, the parties shall calculate such obligations in the following manner: The deliverability for each well for each period shall be determined as set forth below in subparagraph (a). The deliverability shall be multiplied by the appropriate contract quantity percentage for each agreement. The actual production for each period as set forth on the attached schedule (Exhibit 1) shall be subtracted from the contract quantity. From this amount shall be subtracted the failure to deliver amount reduced and calculated pursuant to subparagraph (c). The amount determined

in this manner shall be multiplied by the prices in paragraph 2 in each period in order to determine the total amount to be paid by defendants to plaintiffs.

(a) Deliverability. In any period for which the deliverability test conducted by defendants produced an average daily production rate of less than the actual average daily production (defined herein as the total production for that month divided by the number of days of actual production) for the month in which such test was conducted, then such actual average daily production shall constitute the average daily deliverability upon which take-or-pay obligations shall be calculated for the applicable period. In all other cases, the average daily deliverability determined by defendants shall govern such calculations.

(b) Prices. The prices to be paid by defendants shall be determined in accordance with paragraph 2 of this Agreement.

(c) Failure to Deliver. The amounts on a well-by-well basis, set forth in Questar Pipeline Company's (QPC) schedule (provided to plaintiffs and attached as Exhibit 1) and designated as "failure to deliver" shall be reduced by 50% of the operational downtime claimed by QPC in such schedules, adjusted for any mathematical errors and any changes resulting from the recalculation of deliverability provided for in paragraph 1(a). Specifically, QPC will multiply the column entitled "Downtime Volume" by 50%, on a well-by-well basis, and adjust its failure to deliver determination by that amount.

(d) For years in which downtime reports are not available (1977-79), the parties will use an average of the calculated downtime for the period 1980-1984, on a well-by-well basis.

(e) The parties will meet expeditiously to determine the take-or-pay deficiency hereunder by Wednesday, January 4, 1989. The take-or-pay calculations will be based on ownership records in defendants' possession, but will be adjusted to reflect actual ownership when the information is provided by plaintiffs to defendants. In the event such ownership figures provided by plaintiffs are inaccurate, plaintiffs will indemnify defendants for any claims asserted against them by third parties, including attorneys' fees.

(f) QPC will have five years after the date of payment under paragraph 15 to make up the gas in the manner provided for in the applicable gas purchase contracts.

2. QPC agrees that all plaintiffs are entitled to the small producer price under the provisions of the regulations adopted pursuant to the Natural Gas Policy Act (NGPA) of 1978. QPC also agrees that all plaintiffs are entitled to the replacement contract price under the NGPA for the Nitche Gulch area wells commencing 20 years after the January 1 following the date of first production under the applicable contracts. Subject to confirmation of the date of initial production under those contracts, the parties agree that the replacement contract price will begin to apply as follows:

(a) Nitchie Gulch Unit - January 1, 1985

(b) Nitchie Gulch wells outside the Unit - January 1,  
1987

QPC will pay such prices on a retroactive basis. QPC agrees to work expeditiously with plaintiffs' representatives to determine such amount owed to plaintiffs.

3. QPC will pay interest on take-or-pay obligations and pricing deficiencies for periods prior to June 1, 1982 at the rate of 7% compounded per annum. For periods after that date, QPC will pay interest on the take-or-pay obligations at the rate of 14% compounded annually, and interest on pricing deficiencies at the rate prescribed in 18 C.F.R. § 154.102(c)(2)(iii)(A) (the "FERC posted rate").

4. QPC agrees that L&R Exploration Venture and its partners are, and have always been, parties to the April 4, 1974 gas purchase contract covering all of Section 12, Township 23 North, Range 104 West, Sweetwater County, Wyoming. QPC shall promptly instruct Terra Resources, Inc. to pay plaintiffs any sums withheld by Terra on account of the dispute concerning L&R's status as a party to the contract.

5. QPC will pay to Grynberg Production Corporation the difference between the amount actually paid and the amount provided under NGPA § 108 for gas produced from the State Grynberg No. 1 well during the period November 1987 through February 1988. QPC will pay interest on such amount at the FERC posted rate from the date payment was due under the contract.

6. The April 28, 1986 gas purchase contract for the Chivington Well will be amended as follows:

(a) Notwithstanding any provision to the contrary, commencing December 1, 1988, QPC will pay Jack Grynberg 95% of its weighted average cost of gas for field and extraction plant purchases ("WACOG"), as set forth from time-to-time in QPC's PGA filing with the Federal Energy Regulatory Commission (FERC), for all gas delivered until December 31, 1989. Thereafter, the price to be paid shall be determined by negotiation in accordance with existing provisions of the gas purchase contract; however, any negotiated price shall not be less than 95% of the defendants' WACOG. The amendment shall make the price change effective the first day of the month following the effective date of any new PGA;

(b) Effective January 1, 1989, the contract quantity set forth in Article VI-1, as amended, shall be 60% of the annual deliverability as determined under that contract; and

(c) The acreage dedicated to the contract will be amended to include the entire SE1/4 of Section 20, Township 12 North, Range 97 West, Moffat County, Colorado, and a prospect including Section 21, Township 12 North, Range 100 West, Sweetwater County, Wyoming.

QPC also agrees to continue to comply with the ratable take provisions of C.R.S. § 34-60-117(4).



7. Effective January 1, 1989, Article IV-1 of the March 1, 1971 gas purchase contract for the State Grynberg No. 1 well shall be deleted, and deliverability provisions similar to those contained in the Chivington Agreement will be substituted therefor, with a contract quantity of 75% of deliverability. Plaintiffs waive their claim for take-or-pay deficiencies for the State Grynberg No. 1 well for all periods ending December 31, 1987.

8. For a period of five years from the date of this Agreement, QPC or its affiliates agree, subject to the provisions set forth below, either to purchase gas produced from any new well (up to 20 such wells) drilled by or on behalf of plaintiffs in the future, or to transport such gas for plaintiffs under QPC's then existing transportation tariff.

(a) Plaintiffs will pay for all costs associated with installing necessary facilities to deliver gas from any such wells to defendants' then existing facilities;

(b) Upon written request, defendants will, as promptly as practicable, hook-up plaintiffs' facilities to defendants' then existing facilities, and install the necessary tap and meter, and pay all costs associated therewith;

(c) Upon such written notice, QPC or its affiliates shall have 30 days to elect to purchase such gas if offered by Grynberg and, failing to elect within that time period, shall transport the gas for plaintiffs; and

(d) If QPC or its affiliates elect to purchase the gas, the price paid will be the prevailing spot market price in the same field or general area.

9. QPC agrees, beginning August 1, 1987, to pay plaintiffs the applicable NGPA § 110 compression cost allowance for their interest in the Nitchie Gulch area wells upon which compressors have been or will be installed, and, beginning November 1, 1987, such compression cost allowance for their interest in the State Grynberg No. 1 well if the March 1, 1971 gas purchase contract and applicable federal law allow such cost to be paid by QPC. Commencing on the date of this Agreement, plaintiffs will bill QPC for such costs on a quarterly basis. QPC will pay such amounts within 30 days of receipt of plaintiffs' statements. In the event QPC fails to make timely payment, QPC shall pay interest at the FERC posted rate.

10. QPC agrees to pay Jack J. Grynberg for his interest in the Jamieson well effective April 1, 1985 in accordance with the terms of the applicable gas purchase contract. Mr. Grynberg shall provide sufficient documentation to establish his interest in the well.

11. QPC will pay Jack J. Grynberg interest at the FERC posted rate on money which was to have been paid to Jack J. Grynberg for production during the period May 1, 1987 through October 31, 1987, but which was not dispursed by Terra until February 1988.

12. QPC agrees to include plaintiffs on its list of producers to receive notice of the scheduling of all deliverability tests, and to provide the results of such tests, for all properties in which they have an interest.

13. Plaintiffs agree to dismiss their complaint in this action with prejudice, each party to bear its own costs and legal fees. The parties mutually release each other from any and all claims related to the transactions involved in this action. The parties hereby indemnify each other, their agents, officers, assigns, attorneys, representatives, affiliates, subsidiaries and successors from any and all claims, losses, reasonable costs and expenses arising out of or related to the transactions involved in this action, or this settlement; provided, however, that with respect to any claims by Terra Resources, Inc. against Wexpro Company arising out of the operation of the Nitchie Gulch Area wells, plaintiffs will not reimburse Wexpro for its legal fees and associated litigation expenses, nor will they indemnify Wexpro for any damages arising from a finding of gross negligence or willful misconduct.

14. The parties agree to execute any and all documents necessary to effect any provision of this Agreement, including all documentation necessary to ensure that all L&R Exploration Venture partners are bound by this Agreement, and shall engage in all other acts necessary to fulfill its terms.

15. QPC will make all payments required hereunder within three business days after determining the amounts due, but, in any event, after January 1, 1989. Defendants agree to characterize the payments in such a manner as to minimize plaintiffs' tax liability, and optimize plaintiffs' revenues; provided, however, that defendants will not incur any additional liabilities or expenses by so characterizing the payments.

16. This Settlement Agreement contains the complete agreement and understanding of the parties, and all prior negotiations, understandings and agreements are merged herein and are of no force and effect.

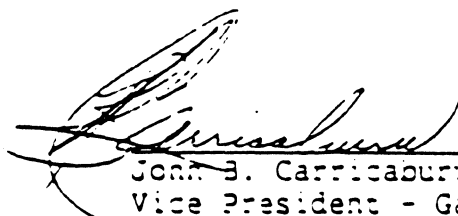
17. This Agreement shall be binding upon and inure to the benefit of the parties, their affiliates, predecessors and successors, representatives, assigns, officers, directors, representatives, agents, and attorneys.

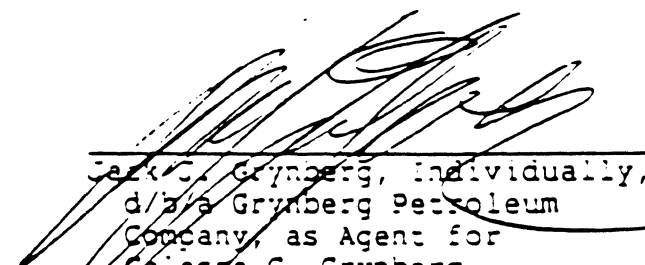
18. The terms of this Agreement shall be kept confidential by the parties, and no such term shall be disclosed to any third party except upon the prior written consent of all other parties or the order of any court of competent jurisdiction. In the event of any such court order, the party or parties upon whom such order is served promptly shall notify all other parties to this Agreement. Any party learning of the violation of the confidentiality provisions of this paragraph 18 shall promptly notify all other parties of such violation and shall take all

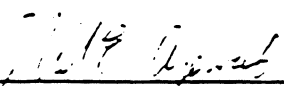
reasonable and necessary actions to limit the release of such confidential information. Further, this Agreement shall be treated in the same manner as confidential material covered by the Order of this Court.

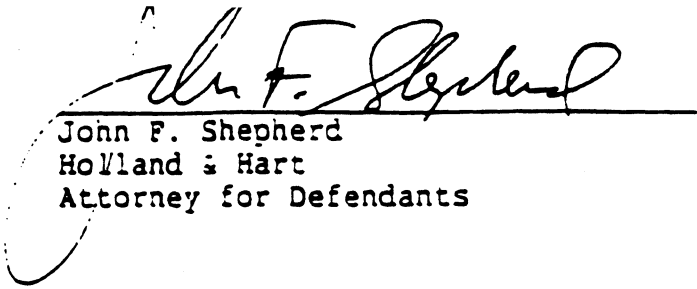
19. The parties recognize that this Settlement Agreement is subject to the approval of defendants' management. Such approval shall be provided to plaintiffs' counsel in writing no later than Wednesday, January 4, 1989.

Dated this 21st day of December, 1988.

  
\_\_\_\_\_  
John B. Carricaburu  
Vice President - Gas Supply and  
Marketing  
Questar Pipeline Company

  
\_\_\_\_\_  
Jack C. Grynberg, Individually,  
d/b/a Grynberg Petroleum  
Company, as Agent for  
Celeste C. Grynberg,  
J.A. Humphrey and  
L&R Exploration Venture, and  
as President of Grynberg  
Production Corporation

  
\_\_\_\_\_  
Neil E. Ayervais  
Lohf, Shalman & Ross  
Attorney for Plaintiffs



John F. Shepherd  
Holland & Hart  
Attorney for Defendants

\*\* 80% FAILURE TO DELIVER \*\*

GRYNBERG PETROLEUM

TAKE OR PAY SUMMARY

OCTOBER 25, 1988

NITCHE GULCH AREA

CONTRACTUAL YEAR	CONTRACTUAL OBLIGATION	ACTUAL PRODUCTION	FAILURE TO DELIVER	OVER/(UNDER) BALANCE	MCF DOLLAR TOT W. I. % S*	MCF DOLLAR TOT W. I. % M*
1977-1978	3,638,633	2,377,293	700,509	(562,891)	(50,121.21)	(50,121.21)
1978-1979	2,322,555	2,507,142	562,568	147,255		
1979-1980	3,153,334	2,407,518	435,347	(309,363)	(62,637.30)	(42,002.48)
1980-1981	2,509,559	2,551,302	143,130	185,473		
1981-1982	2,633,335	2,457,100	166,400	(63,835)	(11,462.36)	(7,235.01)
1982-1983	2,361,915	2,357,309	137,897	133,171		
1983	1,190,664	745,186	290,125	(165,353)	(34,777.15)	(23,334.53)
1984	2,411,378	2,018,102	415,383	22,107		
1985	2,747,167	2,384,170	356,255	(6,342)	(26,561.19)	(13,003.24)
1986	2,962,810	1,309,306	848,258	(705,236)	(538,251.56)	(257,514.15)
1987	2,237,016	2,584,707	1,118,153	765,344		
<b>TOTAL</b>	<b>29,429,425</b>	<b>22,700,415</b>	<b>4,163,735</b>	<b>(564,276)</b>	<b>(9723,312.05)</b>	<b>(9394,030.62)</b>

\* S= SMALL RATE / MCF

\* M= MIN. RATE / MCF

GRYNBERG STATE 1

CONTRACTUAL YEAR	CONTRACTUAL OBLIGATION	ACTUAL PRODUCTION	FAILURE TO DELIVER	OVER/(UNDER) BALANCE	MCF DOLLAR 100 % W. I.
1977	101,139	32,520		(8,449)	(3,836.52)
1978	37,729	67,471		(20,258)	(13,818.22)
1979	35,267	60,844		(34,423)	(18,573.27)
1980	10,191	52,302		42,811	
1981	8,296	42,397		34,711	
1982	6,717	34,757		29,040	
1983	5,437	16,302		11,445	
1984	4,821	14,830		3,209	
1985	4,309	20,716		16,407	
1986	6,304	7,347		1,543	
1987	6,018	8,359		2,841	
<b>TOTAL</b>	<b>346,218</b>	<b>419,235</b>	<b>0</b>	<b>73,877</b>	<b>(936,228.81)</b>

CHIVINGTON #1

CONTRACTUAL YEAR	CONTRACTUAL OBLIGATION	ACTUAL PRODUCTION	FAILURE TO DELIVER	OVER/(UNDER) BALANCE	MCF DOLLAR 100 % W. I.
1986	18,144	6,798	32,768	13,510	
1987	39,420	10,875	11,534	(7,511)	(18,891.29)
<b>TOTAL</b>	<b>57,564</b>	<b>24,373</b>	<b>44,402</b>	<b>5,999</b>	<b>(918,891.29)</b>
<b>GRAND TOTAL</b>	<b>29,332,200</b>	<b>24,144,583</b>	<b>4,208,137</b>	<b>(485,200)</b>	<b>(9778,331.35)</b>

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GRYNBERG PETROLEUM TAKE OR PAY ANALYSIS  
FOR THE FISCAL YEAR:  
1977-78

October 21, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION
ANDERSON GOVT. #1	101,478	84,723
NITCHIE GULCH 11	108,040	50,903
NITCHIE GULCH 2	167,535	134,270
NITCHIE GULCH 4 DAKOTA	232,140	113,130
NITCHIE GULCH 4 FR.	348,575	231,818
NITCHIE GULCH 5	51,830	35,144
NITCHIE GULCH 6	968,345	638,205
NITCHIE GULCH 7	873,810	489,436
NITCHIE GULCH 8	558,450	358,705
ROGERS GOV'T 1-12	228,430	240,399
GRAND TOTAL	3,638,693	2,377,293

	<u>Obligation</u>	<u>Production</u>	<u>Failure to Deliver</u>	<u>Balance</u>
1977-78	3,638,693	2,377,293	700,509	(560,891)



CONTRACT QUANTITY AT 80%  
GRYNSBERG PETROLEUM TAKE OR PAY ANALYSIS  
FOR THE FISCAL YEAR:  
1979-80

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PRODUCTION REQUESTED	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	71,736	72,411	57,354	2,441	0	0	3,116
JAMIESON	30,622	109,263	30,638	0	143	1,497	78,647
NITCHIE GULCH 11	60,736	44,628	44,887	6,560	72	497	-9,568
NITCHIE GULCH 2	184,098	157,358	148,266	15,376	408	8,555	-10,164
NITCHIE GULCH 4 DAKOTA	113,826	49,468	86,772	37,324	48	622	-27,834
NITCHIE GULCH 4 FR.	251,442	183,848	201,522	39,823	0	0	-29,371
NITCHIE GULCH 5	40,625	39,774	37,322	3,345	72	334	2,493
NITCHIE GULCH 6	819,474	625,761	648,852	115,387	0	0	-78,406
NITCHIE GULCH 7	912,904	624,170	588,896	124,487	24	2,494	-154,227
NITCHIE GULCH 8	413,214	334,212	329,473	40,249	8	0	-38,353
ROGERS GOV'T 1-12	254,736	166,813	195,333	51,515	132	5,568	-36,482
GRAND TOTAL	3,153,334	2,407,518	2,466,395	435,347	353	19,567	-309,363

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GRYNBERG PETROLEUM TAKE OR PAY ANALYSIS  
FOR THE FISCAL YEAR:  
1978-79

October 31, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION
ANDERSON GOVT. #1	78,110	62,215
NITCHIE GULCH 11	73,335	60,320
NITCHIE GULCH 2	168,395	163,337
NITCHIE GULCH 4 DAKOTA	256,360	141,008
NITCHIE GULCH 4 FR.	64,370	315,561
NITCHIE GULCH 5	36,363	33,901
NITCHIE GULCH 6	833,520	766,257
NITCHIE GULCH 7	707,370	530,357
NITCHIE GULCH 8	427,790	366,411
ROGERS GOV'T 1-12	208,050	167,674
GRAND TOTAL	2,922,555	2,507,142

1978-79	<u>Obligation</u> 2,922,555	<u>Production</u> 2,507,142	<u>Failure to Deliver</u> 562,668	<u>Balance</u> 147,255
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CONTRACT QUANTITY AT 30%  
 GRAYBERG PETROLEUM TAKE OR PAY ANALYSIS  
 FOR THE FISCAL YEAR:  
 1980-81

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PRODUCTION REQUESTED	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	50.254	79.548	53.773	1,143	54	427	30.427
JAMIESON	89.350	135.212	88.350	0	62	649	45.362
NITCHIE GULCH #1	45.790	38.293	33.712	2,903	613	3,226	-4.304
NITCHIE GULCH #2	161.695	129.395	133.383	12,938	685	12,648	-18.762
NITCHIE GULCH # DAKOTA	40.515	43.395	32.385	2,574	1,224	5,670	6.854
NITCHIE GULCH # FR.	179.345	188.595	143.228	11,802	994	20,413	20.452
NITCHIE GULCH #5	30.660	29.537	25.385	670	550	1,927	-4.53
NITCHIE GULCH #6	807.380	767.797	578.246	34,330	138	18,249	-4.453
NITCHIE GULCH #7	560.640	618.832	447.530	18,739	32	2,048	76.131
NITCHIE GULCH #8	354.850	357.339	338.780	40,604	464	18,745	43.393
ROGERS GOV'T #1-12	183.870	163.563	172.746	16,327	1,684	36,373	-3.574
GRAND TOTAL	2,509.539	2,551.702	2,151.703	143,130	6,560	120,375	185.473

1773

CONTRACT QUANTITY AT 80%  
GRYNBERG PETROLEUM  
1983

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PROD REQUEST 80%	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	31,648	21,584	27,483	6,650	1,182	7,300	-3,434
JAMIESON	23,184	18,825	23,186	4,356	138	1,235	598
NITCHIE GULCH 11	28,336	20,163	20,418	1,637	182	664	-5,536
NITCHIE GULCH 2	51,152	34,378	36,184	3,873	34	966	-13,695
NITCHIE GULCH 4 DAKOTA	51,888	23,446	103,138	73,752	388	3,567	57,318
NITCHIE GULCH 4 FR.	121,440	66,433	135,564	53,231	112	4,399	14,224
NITCHIE GULCH 6	357,512	283,366	223,255	2,523	323	18,173	-53,617
NITCHIE GULCH 7	251,332	31,246	121,252	31,666	177	6,393	-138,328
NITCHIE GULCH 8	141,496	57,474	138,674	71,200	1,300	45,382	-2,322
ROGERS GOV'T. #12	122,176	106,350	100,276	9,425	385	18,537	-5,481
GRAND TOTAL	1,190,664	745,186	935,448	280,125	4,181	106,836	-165,353

1774

CONTRACT QUANTITY AT 80%  
 GRYNBERG PETROLEUM TAKE OR PAY ANALYSIS  
 FOR THE FISCAL YEAR:  
 1981-82

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PRODUCTION REQUESTED	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	65,700	73,353	63,297	61	29	218	7,714
JAMIESON	63,145	78,345	60,236	183	134	1,436	15,889
NITCHIE GULCH 11	68,620	53,330	54,661	6,118	267	2,232	-9,112
NITCHIE GULCH 2	130,570	125,771	113,678	4,349	336	5,208	-550
NITCHIE GULCH A SAKOTA	115,705	75,776	98,440	25,668	882	11,543	-14,241
NITCHIE GULCH A FR.	280,320	244,193	225,484	14,830	46	1,472	-21,297
NITCHIE GULCH 5	24,820	15,345	20,324	7,860	2,629	7,446	-1,715
NITCHIE GULCH 6	723,430	746,460	513,362	7,552	26	2,147	30,582
NITCHIE GULCH 7	651,525	483,730	552,544	89,166	657	48,858	-78,563
NITCHIE GULCH 8	324,485	310,500	278,325	3,133	26	963	-10,344
ROGERS GOV'T 1-12	244,315	243,753	223,317	7,454	125	3,437	12,308
GRAND TOTAL	2,633,335	2,457,100	2,318,413	166,400	5,217	84,780	-63,335

1775

CONTRACT QUANTITY AT 80%  
GRYNBERG PETROLEUM TAKE OR PAY ANALYSIS  
FOR THE FISCAL YEAR:  
1982-83

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PRODUCTION REQUESTED	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	62,780	66,236	60,785	894	115	825	4,410
JAMIESON	45,390	49,153	43,300	3,763	168	878	6,328
NITCHIE GULCH 11	56,210	58,386	53,231	291	218	1,403	2,467
NITCHIE GULCH 2	101,470	103,741	90,236	6,247	380	4,408	8,518
NITCHIE GULCH & DAKOTA	102,930	81,003	100,835	24,646	1,096	12,893	2,713
NITCHIE GULCH & FR.	240,900	243,247	223,737	9,225	90	2,634	11,573
NITCHIE GULCH 6	709,195	763,648	635,359	858	11	891	51,311
NITCHIE GULCH 7	519,395	461,055	503,751	58,588	220	13,640	348
NITCHIE GULCH 8	280,635	274,012	271,402	26,542	358	11,468	13,363
ROGERS GOVT 1-12	242,360	251,448	229,826	5,340	226	5,252	14,323
<b>GRAND TOTAL</b>	<b>2,361,915</b>	<b>2,357,989</b>	<b>2,279,332</b>	<b>137,897</b>	<b>2,900</b>	<b>55,358</b>	<b>133,171</b>

1776

CONTRACT QUANTITY AT 90%  
GRYNBERG PETROLEUM  
1984

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PROD REQUEST 80%	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	55,115	57,685	42,292	2,784	509	3,210	5,354
JAMESON	37,383	29,462	53,371	34,303	684	5,789	25,388
NITCHIE GULCH 1	33,347	13,248	37,607	24,359	1,325	22,567	3,560
NITCHIE GULCH 11	57,896	52,622	49,978	1,670	177	1,158	-2,324
NITCHIE GULCH 12-18	257,561	314,634	277,138	43,830	649	26,827	30,363
NITCHIE GULCH 13-20	258,786	354,644	271,321	35,647	1,377	56,732	31,505
NITCHIE GULCH 2	82,854	46,371	73,529	25,557	1,289	11,743	-9,325
NITCHIE GULCH 4 DAKOTA	88,572	51,804	76,318	25,816	628	6,320	-10,752
NITCHIE GULCH 4 FR.	184,464	33,229	148,205	55,200	409	7,674	-29,236
NITCHIE GULCH 5	463,300	415,838	401,215	40,236	1	40	-12,366
NITCHIE GULCH 7	341,846	232,103	234,754	21,332	166	6,446	-27,545
NITCHIE GULCH 8	285,192	196,932	244,398	73,249	345	32,423	-19,111
ROGERS GOVT 1-12	240,462	132,385	204,538	22,374	674	18,446	-23,583
GRAND TOTAL	2,411,378	2,013,182	2,186,122	415,383	8,753	198,575	22,107

1777

CONTRACT QUANTITY AT 88%  
GRYNBERG PETROLEUM  
1985

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PROD REQUEST 88%	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	73,291	57,453	71,533	14,240	866	7,761	-1,538
JAMIESON	35,893	31,913	33,754	3,711	790	3,458	-259
NITCHIE GULCH 1	149,295	157,139	140,373	11,327	1,710	29,124	13,341
NITCHIE GULCH 11	56,575	49,539	50,884	1,745	786	5,280	-3,231
NITCHIE GULCH 12-18	451,140	437,852	398,313	27,656	523	26,337	14,368
NITCHIE GULCH 13-20	400,770	381,211	349,899	23,383	574	26,253	3,744
NITCHIE GULCH 14-7	255,500	199,278	216,323	45,347	1,437	41,315	-10,375
NITCHIE GULCH 15-31	27,187	24,996	28,262	7,110	788	5,466	4,999
NITCHIE GULCH 2	52,560	1,432	52,704	51,212	3,409	50,454	144
NITCHIE GULCH 4 SAKOTA	54,385	32,363	44,510	12,758	977	5,387	-3,262
NITCHIE GULCH 4 FR.	23,778	16,372	24,600	14,702	323	3,079	7,336
NITCHIE GULCH 6	414,275	399,547	363,613	25,151	558	25,396	10,423
NITCHIE GULCH 7	286,330	267,549	244,368	25,798	546	17,991	6,657
NITCHIE GULCH 8	232,348	163,283	200,151	46,818	1,123	28,272	-23,547
ROGERS GOV'T 1-12	232,370	163,521	204,305	42,377	1,464	38,343	-25,372
<b>GRAND TOTAL</b>	<b>2,747,167</b>	<b>2,384,170</b>	<b>2,441,760</b>	<b>356,855</b>	<b>21,474</b>	<b>317,016</b>	<b>-5,342</b>



CONTRACT QUANTITY AT 80%  
GRYNBERG PETROLEUM  
1986

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PROD REQUEST 80%	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	53,290	29,362	28,247	5,750	232	1,416	-18,578
JAMIESON	31,390	21,535	20,856	2,856	218	779	-7,739
NITCHIE GULCH 1	155,490	84,183	101,295	18,796	253	4,488	-52,511
NITCHIE GULCH 11	48,310	34,768	31,560	1,700	100	557	-12,434
NITCHIE GULCH 12-18	460,630	146,423	342,618	212,589	1,176	61,820	-101,513
NITCHIE GULCH 13-20	421,210	227,575	273,274	49,320	54	2,535	-144,315
NITCHIE GULCH 14-7	194,180	127,377	129,150	12,833	32	710	-54,778
NITCHIE GULCH 15-31	57,670	38,712	38,885	7,837	20	132	-13,121
NITCHIE GULCH 16-28	290,800	132,457	296,416	170,474	1,325	103,350	22,131
NITCHIE GULCH A DAKOTA	59,435	16,409	31,584	15,175	217	1,476	-27,311
NITCHIE GULCH A FR.	60,955	11,589	40,515	28,326	566	3,343	-20,440
NITCHIE GULCH 5	367,190	136,481	215,651	62,368	0	0	-108,341
NITCHIE GULCH 7	335,800	74,836	292,764	224,379	3,316	127,122	-36,535
NITCHIE GULCH 3	156,350	86,438	103,343	18,793	104	1,364	-51,553
ROGERS GOVT 1-12	178,850	89,441	97,107	18,864	128	2,615	-71,345
GRAND TOTAL	2,862,810	1,389,306	2,830,665	848,258	7,741	312,867	-785,326

CONTRACT QUANTITY AT 80%  
GRYNBERG PETROLEUM  
1987

October 25, 1988

WELL NAME	CONTRACT OBLIGATION	ACTUAL PRODUCTION	PROD REQUEST 80%	FAILURE TO DELIVER	OPER HOURS	DOWNTIME VOL	OVER / (UNDER) BALANCE
ANDERSON GOVT. #1	29,333	38,917	29,150	1,263	344	1,175	10,253
JAMIESON	27,010	13,638	21,270	11,356	3,813	11,834	-1,356
M. MITCHIE #2-5	261,002	360,060	324,323	32,585	1,311	75,334	131,643
MITCHIE GULCH 1	100,770	76,316	66,356	6,304	390	4,936	-25,550
MITCHIE GULCH 11	40,150	32,353	25,487	860	295	1,347	-6,331
MITCHIE GULCH 12-18	267,310	248,047	172,435	9,306	405	12,393	-2,877
MITCHIE GULCH 13-20	143,445	217,157	89,135	3,636	427	6,391	77,400
MITCHIE GULCH 14-7	129,575	125,794	81,349	5,572	140	2,191	1,791
MITCHIE GULCH 15-31	19,710	41,809	13,260	663	431	975	22,762
MITCHIE GULCH 16-29	683,290	429,454	413,362	50,538	240	19,344	-203,298
MITCHIE GULCH 17-16	299,090	237,815	265,742	66,137	680	38,275	4,862
MITCHIE GULCH 18-23	2,565	3,904	3,054	0	380	900	1,339
MITCHIE GULCH 3-21	5,796	5,635	44,351	39,694	29	152	39,503
MITCHIE GULCH 30-31	217,300	92,811	828,141	741,462	442	44,599	516,293
MITCHIE GULCH 4 DAKOTA	13,140	11,689	8,544	638	341	513	-913
MITCHIE GULCH 4 FR.	16,425	3,398	10,722	6,989	293	546	-5,438
MITCHIE GULCH 6	351,860	210,246	237,466	67,397	56	2,250	-56,217
MITCHIE GULCH 7	70,810	249,362	47,546	2,361	64	516	181,513
MITCHIE GULCH 9	105,485	67,377	56,197	5,323	445	5,354	-31,677
ROGERS GOVT 1-12	143,000	100,459	91,835	4,217	154	2,515	-30,404
GRAND TOTAL	2,937,016	2,584,707	2,833,315	1,118,153	10,712	232,140	765,344

1780



NO: FAILURE TO DELIVER 00

1782



WELT PRICING  
SPYBERG PETROLEUM  
1960-61

25-001-55

\*\*\* 80% FAILURE TO DELIVER \*\*\*

***** OVER/UNDER *****														*****	
WELL NAME	BALANCE REF	DOLLAR VALUE ----- REF	JE W.I.I.S 0.66711	CE W.I.I.S 0.49234	JAH W.I.I.S 0.49134	LE W.I.I.S 0.49327	LE W.I.I.S 0.49327	TOTAL W.I.I.S DOLLAR VALUE	TOTAL W.I.I.S DOLLAR VALUE						
ANDERSON GULCH #1	30.427	0.1156721	2,346.33	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00						
JANIESON	45.862	0.1250772	3,825.57	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00						
NITCHIE GULCH #1	14.364	0.0556662	1,075.04	0.0636781	(150.41)	0.0020832	(4.92)	0.2019830	476.63						
NITCHIE GULCH #2	16.160	0.0556662	706.65	0.0636781	(155.45)	0.0020832	(5.41)	0.2019830	11,885.22						
NITCHIE GULCH #3	2.54	0.0556662	223.72	0.0050675	15.14	0.0050675	15.13	0.1621040	543.81						
NITCHIE GULCH #4	21.452	0.0556662	762.22	0.0636781	51.29	0.0020832	20.73	0.2019830	2,137.66						
NITCHIE GULCH #5	(4.53)	0.0556662	(116.60)	0.0636781	(14.20)	0.0020832	(0.49)	0.2019830	145.13						
NITCHIE GULCH #6	14.453	0.0556662	1,145.56	0.0636781	(135.41)	0.0020832	(4.56)	0.2019830	1,443.66						
NITCHIE GULCH #7	76.131	0.0556662	2,637.32	0.0636781	2,386.80	0.0020832	77.92	0.2019830	7,532.10						
NITCHIE GULCH #8	43.893	0.0556662	1,533.84	0.0636781	1,376.10	0.0020832	44.92	0.2019830	4,373.15						
ROGERS GULCH #12	18.674	0.0556662	1,144.63	0.0625000	(266.91)	0.0020832	(0.00)	0.1687500	12,000.00						
GRAND TOTAL	125.473		9,115		3,273		130		9,475						

LEGEND:

- JE W.I.I.S - JACK SPYBERG WORKING INTEREST
- CE W.I.I.S - CELESTE SPYBERG WORKING INTEREST
- JAH W.I.I.S - J. A. HUMPHREY WORKING INTEREST
- LE W.I.I.S - L & R EXPLOR. VENTURES WORKING INTEREST

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LEGEND:

DE W.I.I.	- JAC SPYNDERS WORKING INTEREST
CE W.I.I.	- CELESTE SPYNDERS WORKING INTEREST
JAN W.I.I.	- J. A. HUMPHREY WORKING INTEREST
LF W.I.I.	- L. L. FEISER, VENTURES WORKING INTEREST

LEGEND:

DE W.L.B - JACK SPYBORG WORKING INTEREST  
 CE W.L.B - CELESTE SPYBORG WORKING INTEREST  
 JAH W.L.B - J. A. HUMPHREY WORKING INTEREST  
 LE W.L.B - L. L. EISEN, VENTURES WORKING INTEREST

171

WHEAT PRICING  
GRIFFIN PETROLEUM  
1985

25-001-58

\*\*\* 80% FAILURE TO DELIVER \*\*\*

WELL NAME	BALANCE RCF	DOLLAR VALUE		JG M.I.I. 1		CE M.I.I. 1		JAM M.I.I. 1		LR M.I.I. 1		LF M.I.I. 1		TOTAL M.I.I. 1	TOTAL M.I.I. 1
		-----	RCF	JG M.I.I. 1	1.76985	CE M.I.I. 1	2.07476	JAM M.I.I. 1	2.07494	LR M.I.I. 1	1.94724	LF M.I.I. 1	1.30429	DOLLAR VALUE	DOLLAR VALUE
ANDERSON GOV. 01	(1,596)		0.1154720	(327.25)	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.00	(327.25)	(327.25)
JANESON	(269)		0.1250792	(59.53)	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.00	(59.53)	(59.53)
MITCHELL GULCH 1	19.84		0.0553948	1,945.22	0.0553948	3,280.34	0.0553948	209.65	0.1821040	7,035.62	0.1821040	1,117.50		11,470.82	3,553.71
MITCHELL GULCH 11	13.27		0.0553948	1,325.40	0.0636781	145.00	0.0636781	11.24	0.2019530	11,254.36	0.2019530	121.55		12,586.82	196.10
MITCHELL GULCH 12-15	14.368		0.0553948	1,420.63	0.0636781	1,895.25	0.0636781	62.17	0.2019530	5,651.47	0.2019530	87.55		6,038.18	4,375.64
MITCHELL GULCH 13-20	3.744		0.0553948	370.19	0.0636781	494.65	0.0636781	16.20	0.2019530	1,472.45	0.2019530	33.87		1,550.55	1,114.75
MITCHELL GULCH 14-17	110.875		0.0553948	1,175.22	0.0636781	11,436.77	0.0636781	47.65	0.2019530	1,377.24	0.2019530	67.38		1,451.38	3,336.45
MITCHELL GULCH 15-18	4.030		0.0553948	404.25	0.0636781	666.45	0.0636781	21.63	0.2019530	1,700.15	0.2019530	33.25		1,764.51	1,431.45
MITCHELL GULCH 2 FA.	144		0.0553948	144.12	0.0553948	165.50	0.0553948	1.55	0.1821040	51.06	0.1821040	1.11		258.21	159.68
MITCHELL GULCH 4 DALOTA	(5,062)		0.0553948	(5,062.44)	0.0553948	(1,041.50)	0.0553948	71.35	0.1821040	(2,213.39)	0.1821040	1.11		(8,350.88)	(8,350.88)
MITCHELL GULCH 4 FA.	7.876		0.0553948	780.72	0.0636781	1,042.19	0.0636781	34.16	0.2019530	3,145.57	0.2019530	47.87		4,965.64	3,551.34
MITCHELL GULCH 6	10.423		0.0553948	1,042.37	0.0636781	1,377.15	0.0636781	45.10	0.2019530	4,075.46	0.2019530	15.14		5,520.15	3,113.56
MITCHELL GULCH 7	6.657		0.0553948	655.21	0.0636781	875.50	0.0636781	25.30	0.2019530	2,616.26	0.2019530	41.87		4,164.77	1,762.39
MITCHELL GULCH 8	(23,547)		0.0553948	(23,547.29)	0.0636781	(1,111.75)	0.0636781	(171.88)	0.2019530	(5,251.24)	0.2019530	(1,471.11)		(14,382.29)	(7,412.94)
ROSEBO GOV. 1 FA.	(26,378)		0.0553948	(26,378.22)	0.0636781	(1,111.75)	0.0636781	(171.88)	0.2019530	(5,251.24)	0.2019530	(1,471.11)		(14,382.29)	(7,412.94)
GRAND TOTAL	(16,748)			5,959		1,645		150		116,118		3,561		166,561.19	812,743.24

LEGEND:

- JG M.I.I. - JACI GRYNBERG WORKING INTEREST
- CE M.I.I. - CELESTE GRYNBERG WORKING INTEREST
- JAM M.I.I. - J. A. MURPHY WORKING INTEREST
- LR M.I.I. - L. R. EXPLOR. VENTURES WORKING INTEREST

486

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LEGEND:

- J & K EMBERS WORKING INTEREST
- CELESTE GAMBORG WORKING INTEREST
- J. A. HARRIS WORKING INTEREST
- L & K EMBERS VENTURES WORKING INTEREST

6206.57

17 90

WELT FIDING  
GYNBERG PETROLEUM  
1957

\*\* 60% FAILURE TO DELIVER \*\*

25-001-69

OVER/UNDER															
WELL NAME	BALANCE REF	DOLLAR VALUE - REF	JG M.I.I. 1 2,4845	CE M.I.I. 1 2,5613	JAM M.I.I. 1 2,66787	LR M.I.I. 1 2,48417	LR M.I.I. 1 0,03148	TOTAL M.I.I. 1 2,5	TOTAL M.I.I. 1 M	DOLLAR VALUE	DOLLAR VALUE				
ANDERSON 60% 01	10,253		0.1126720	2,947.39	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	2,947.39		
JANIESON	(11,356)		0.1250792	(421.25)	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	(421.25)		
R. MITCHELL 02-6	191,643		0.0613976	29,233.67	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	29,233.67		
MITCHELL GULCH 1	(25,550)		0.0553948	(10,516.41)	0.0553948	(10,516.41)	0.0553948	(10,516.41)	0.0553948	(10,516.41)	0.0553948	(10,516.41)	(10,516.41)		
MITCHELL GULCH 11	16,731		0.0553948	(7,511.43)	0.0622437	(11,144.97)	0.0622437	(11,144.97)	0.0622437	(11,144.97)	0.0622437	(11,144.97)	(11,144.97)		
MITCHELL GULCH 12-15	15,977		0.0553948	(11,355.83)	0.0622437	(11,574.64)	0.0622437	(11,574.64)	0.0622437	(11,574.64)	0.0622437	(11,574.64)	(11,574.64)		
MITCHELL GULCH 13-21	77,408		0.0553948	11,625.92	0.0622437	12,340.75	0.0622437	12,340.75	0.0622437	12,340.75	0.0622437	12,340.75	12,340.75		
MITCHELL GULCH 14-7	1,751		0.0553948	245.85	0.0622437	235.53	0.0622437	235.53	0.0622437	235.53	0.0622437	235.53	235.53		
MITCHELL GULCH 15-31	22,762		0.0553948	3,124.56	0.0622437	3,621.83	0.0622437	3,621.83	0.0622437	3,621.83	0.0622437	3,621.83	3,621.83		
MITCHELL GULCH 16-33	(20,280)		0.0553948	(20,795.67)	0.0622437	(22,475.12)	0.0622437	(22,475.12)	0.0622437	(22,475.12)	0.0622437	(22,475.12)	(22,475.12)		
MITCHELL GULCH 17-16	4,662		0.0553948	667.41	0.0622437	770.12	0.0622437	770.12	0.0622437	770.12	0.0622437	770.12	770.12		
MITCHELL GULCH 18-29	1,039		0.0553948	183.81	0.0622437	212.47	0.0622437	212.47	0.0622437	212.47	0.0622437	212.47	212.47		
MITCHELL GULCH 19-31	35,532		0.0553948	5,444.86	0.0553948	5,605.02	0.0553948	5,605.02	0.0553948	5,605.02	0.0553948	5,605.02	5,605.02		
MITCHELL GULCH 20-31	516,293		0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.0000000	0.00	0.00		
MITCHELL GULCH 21-31	813		0.0553948	(111.59)	0.0553948	(111.59)	0.0553948	(111.59)	0.0553948	(111.59)	0.0553948	(111.59)	(111.59)		
MITCHELL GULCH 22-31	5,438		0.0553948	746.48	0.0622437	966.75	0.0622437	966.75	0.0622437	966.75	0.0622437	966.75	966.75		
MITCHELL GULCH 23	(66,317)		0.0553948	(19,369.71)	0.0622437	(10,556.63)	0.0622437	(10,556.63)	0.0622437	(10,556.63)	0.0622437	(10,556.63)	(10,556.63)		
MITCHELL GULCH 24	181,513		0.0553948	24,716.52	0.0622437	25,937.67	0.0622437	25,937.67	0.0622437	25,937.67	0.0622437	25,937.67	25,937.67		
MITCHELL GULCH 25	(31,679)		0.0553948	(4,345.63)	0.0622437	(5,051.42)	0.0622437	(5,051.42)	0.0622437	(5,051.42)	0.0622437	(5,051.42)	(5,051.42)		
ROEERS 60% 1-12	(37,404)		0.2500000	(16,864.66)	0.0625000	(4,367.11)	0.0625000	(4,367.11)	0.0625000	(4,367.11)	0.0625000	(4,367.11)	(4,367.11)		
GRAND TOTAL	765,844			10,054		(6,380)		(6,380)		(15,623)		(15,623)	(15,623)		

LEGEND:

- JG M.I.I. - JACK GYNBERG WORKING INTEREST
- CE M.I.I. - CELESTE GYNBERG WORKING INTEREST
- JAM M.I.I. - J. A. MUMFREY WORKING INTEREST
- LR M.I.I. - L. R. EYFLO. VENTURES WORKING INTEREST

GOBTLUP:

1741

Tab 2

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DISTRICT OF WYOMING  
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CLERK  
**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE DISTRICT OF WYOMING**

JACK J. GRYNBERG, CELESTE C.  
GRYNBERG, and L & R EXPLORATION  
VENTURE,

Plaintiffs,

v.

QUESTAR PIPELINE COMPANY,  
MOUNTAIN FUEL SUPPLY COMPANY,  
QUESTAR CORPORATION, ENTRADA  
INDUSTRIES, INC., WEXPRO COMPANY,  
CELSIUS ENERGY COMPANY, QUESTAR  
ENERGY TRADING COMPANY, QUESTAR  
GAS MANAGEMENT COMPANY, and  
QUESTAR ENERGY SERVICES, INC.,

Defendants.

No. 97-CV-47-J

**ORDER GRANTING DEFENDANT'S  
MOTION FOR PARTIAL SUMMARY JUDGMENT**

The defendant's Motion for Partial Summary Judgment, and the plaintiffs' opposition thereto, came before the Court for consideration, having been submitted to the Court upon the parties' written submissions. The Court has reviewed the motion and opposition, the file, the supporting memoranda of the

parties, the applicable law and is fully advised in the premises. For reasons to be discussed, the Court finds that the defendant's Motion for Partial Summary Judgment should be GRANTED.

### **Background**

Defendants seek summary judgment on their counterclaim for declaratory relief concerning termination of three Nitchie Gulch gas purchase contracts known as Contract Nos. 245, 246 and 249. These contracts are the same gas purchase contracts that were at issue and before this Court in Questar Pipeline Co. v. Grynberg, Case No. 92-CV-265J.

Defendants seek a determination that these contracts terminated on July 1, 1994, or in the alternative no later than January 1, 1995. The Grynberg plaintiffs contend that the contracts could not terminate before January 1, 1996. The Grynberg plaintiffs argue that to have a calendar year of delivery, gas had to be taken under the contracts for twelve consecutive months. They argue that those years in which Questar or its successor, Mountain Fuel, failed to take gas for twelve consecutive months cannot count as a "calendar year of deliveries" for purposes of determining the twentieth calendar year of deliveries under the contracts.



The three contracts include an identical provision as to the term of the contract in Article III. This section provides:

III-1. This agreement shall be effective from the date hereof and shall continue in full force and effect for a period of twenty (20) years from and after July 1, 1974 and from year to year thereafter, unless and until canceled by either party on three hundred sixty-five (365) days advance written notice, which notice may not be given prior to the 20th calendar year of deliveries hereunder.

Contracts 245 and 246 are dated April 4, 1974; Contract 249 is dated June 22, 1974. Deliveries of gas under all three contracts began in 1974 (Contracts 245 and 246 -- April 1974; Contract 249 -- June 1974). The three agreements were amended in January of 1985. The amendments stated that "the parties hereto now desire to amend said Agreement to provide for a calendar year rather than a fiscal year as it pertains to the Agreement." The amendment changed the definition of the term "year" to mean "a period of 12 consecutive months beginning and ending at 12:00 noon on January 1st." The term "year" originally was defined as "a fiscal year which will begin at 12:00 o'clock noon on July 1 and end at 12:00 o'clock noon on the following July 1." The amendments also revised Article V-2 of the contracts to reflect the change from a fiscal to a calendar year basis in determining take-or-pay obligations under the contracts.

Questar gave notice of termination of the contracts on June 28, 1993, effective July 1, 1994. Grynberg disagrees that the contracts terminated on July 1, 1994 and instead contends that the earliest the contracts could have terminated is January 1, 1996, which is actually twenty-one and one-half years after July 1, 1974. Because Grynberg did dispute the effectiveness of the June 28, 1993 notice, Questar's successor under the contracts (Mountain Fuel) gave another set of termination notices on January 1, 1994.

### **Discussion**

In Wyoming, the law governing principles of contract interpretation is well established:

Contract interpretation is the process of ascertaining the meaning of the words used by the parties to express their intent. . . . The instrument which memorializes the agreement must be considered as a whole with each part being read in light of the other parts. . . . A contract may consist of several documents. . . . An exhibit, attached to a contract and the references made to the exhibit in the contract, becomes part of the contract as a whole. . . .

If the meaning of the contract is ambiguous, or not apparent, it may be necessary to resort to extrinsic evidence to determine the intention of the parties making interpretation a mixed question of law and fact. . . . The intent of the parties to an ambiguous contract is obscured by indefiniteness of expression or by double meaning. . . . **Ambiguity is not created, however, by the parties' subsequent disagreement over the meaning of the contract. . . .**

When the meaning of a contract is unambiguous, extrinsic evidence is not admitted to contradict the plain meaning of the terms used by the parties. . . . Therefore, when the terms of a contract are unambiguous, our search for the intent of the parties is confined to the language contained within the "four corners" of an integrated contract. . . . Our standard of interpretation for contracts declares that the words used to memorialize the intent of the parties are given the plain meaning that a reasonable person, in the position of the parties, would understand them to mean. . . .

Union Pacific Resources Co. v. Texaco, Inc., 882 P.2d 212, 219-220 (Wyo. 1994) (citations omitted) (emphasis supplied). See also Moncrief v. Louisiana Land and Exploration Co., 861 P.2d 516, 523-524 (Wyo. 1993); Colorado Interstate Gas Co. v. Natural Gas Pipeline Company of America, 842 P.2d 1067, 1070 (Wyo. 1993); Wyoming v. Pennzoil Co., 752 P.2d 975, 978 (Wyo. 1988); Amoco Production Co. v. Stauffer Chemical Co. of Wyo., 612 P.2d 463, 465 (Wyo. 1980). As noted consistently in the cases cited, contract interpretation and construction are to be done by the court as a matter of law. Where the agreement is in writing and its language is clear and unambiguous, the intent of the parties must be ascertained from the contract itself without resort to extrinsic evidence.

In this case, the Court finds the contracts are not ambiguous. The parties merely disagree upon the proper term of the contracts and when it may be proper for one party to give notice to the other of termination of the

Agreement. The Court also notes that Article III-1 of the contracts does not define "calendar year of deliveries" to be a complete twelve-month January-to-December calendar year. No language in these contracts or any other evidence that has been presented to the Court suggests that the parties themselves ever intended to exclude from the twenty year contract term that period of time in which deliveries were actually made during May through December of calendar year 1974, in making any determination as to when the Agreement would terminate. The Court rejects the Grynberg's argument that years in which Questar or Mountain Fuel failed to take gas for twelve consecutive months cannot count as a "calendar year of deliveries" for purposes of determining the twentieth calendar year of deliveries under the contracts.

Under the Agreement, deliveries occurred during the calendar year of 1974. The twentieth calendar year of deliveries under the Agreement is 1993. Questar's notice of termination was sent during that twentieth calendar year of deliveries. Questar's notice of termination on June 28, 1993, was proper, having been given in the twentieth calendar year of deliveries under the Agreement. Calendar year should be used in its ordinary and usual sense -- a period of time from January 1 to December 31 inclusive. See e.g., Black's

Law Dictionary, Fifth Edition. This is contrasted to some other method for computing time, such as a fiscal year, a taxable year or an academic year. Given this interpretation, the first calendar year of the Agreement was 1974; the 20th calendar year of the Agreement would have been 1993 -- the year in which notice of termination was given by Questar.


The Court finds that the three contracts, Contract Nos. 245, 246 and 249 expired, pursuant to Questar's notice of termination, on July 1, 1994.

Accordingly, and for the reasons stated above, it is therefore

**ORDERED** that the defendants' Motion for Partial Summary Judgment shall be, and is, **GRANTED**. It is further

**ORDERED** that Contracts Nos. 245, 246 and 249 expired on July 1, 1994.

Dated this 11<sup>th</sup> day of December, 1998.

  
CHIEF JUDGE, UNITED STATES  
DISTRICT COURT

Tab 3

TOM C. TONER  
YONKEE & TONER  
P. O. BOX 6288  
SHERIDAN, WYOMING 82801  
(307) 674-7451

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING

QUESTAR PIPELINE COMPANY,  
  
Plaintiff,

v.

JACK J. GRYNBERG, CELESTE C.  
GRYNBERG, L & R EXPLORATION  
VENTURE,

Defendants.

No. 92CV0265

DEFENDANTS' ANSWERS TO PLAINTIFF'S SECOND INTERROGATORIES

The Defendants answer the Plaintiff's Second Interrogatories as follows:

INTERROGATORY NO. 16: Identify which gas purchase contracts you allege Questar has breached, and state separately for each contract the years in which those breaches allegedly occurred.

RESPONSE: Questar Contracts 245, 246, 249, the Settlement Agreement dated December 21, 1988 entered into in Civil Action No. 87-0327 in the United States District Court for the District of Wyoming and Questar Contracts 563 and 219, which are referred to in the Settlement Agreement. Each contract has been breached in each year since the contracts were executed.

PLAINTIFFS' EXHIBIT

INTERROGATORY NO. 41: State the basis for and all facts supporting your contention that Questar paid for gas purchased from Grynberg using the incorrect Btu adjustments. First Amended Counterclaim ¶ 14. In so doing, (a) identify the relevant contract provision(s) or other authority on which you rely or which you allege Questar has breached, (b) state what you contend are the correct Btu adjustments for each time period for which you claim the adjustments were made incorrectly by Questar, (c) describe the specific action(s) of Questar you claim breached the contract(s), and (d) state the dates on which such action(s) occurred.

RESPONSE: This interrogatory is objected to on the grounds that an interrogatory requiring a party to state "all facts" supporting certain contentions is too general, overbroad and all inclusive to be answered. *Akziebolaget Vargos v. Clark*, 8 F.R.D. 635, 636 (D.C. 1949); *United States v. Renault*, 27 F.R.D. 23, 27 (S.D. N.Y. 1960); *Sheffield Corp. v. George F. Alger Co.*, 16 F.R.D. 27, 29 (S.D. Ohio 1954); *Stovall v. Gulf & So. Am. S. S. Co.*, 30 F.R.D. 152, 154 (D.C. Tex. 1961). Without waiving this objection, the contract required Questar to determine the heating value of the gas on at least a quarterly basis. The contract provision is contained in Article IX. Questar did not determine the gross heating value on a quarterly basis as required by the contract. This is based on the btu documents which were provided by Questar. These documents show that since 1988, Questar has not redetermined the gross heating value on a quarterly basis but has obtained abnormally low btu readings and continued to use those abnormally low btu measurements. The documents showing the dates of btu tests are documents produced by Questar to the Defendants.



These documents show the dates Questar conducted the btu measurements. Gross heating value is to be determined by conducting an actual test of the gas. See the calculations relating to revised btu content which are attached.

INTERROGATORY NO. 42: State the basis for and all facts supporting your contention that Grynberg has sustained "incidental and consequential damages and lost profits and opportunity costs." Amended Counterclaim ¶ 15(a)-(d).

RESPONSE: This interrogatory is objected to on the grounds that an interrogatory requiring a party to state "all facts" supporting certain contentions is too general, overbroad and all inclusive to be answered. *Aktiebolaget Vargos v. Clark*, 8 F.R.D. 635, 636 (D.C. 1949); *United States v. Renault*, 27 F.R.D. 23, 27 (S.D. N.Y. 1960); *Sheffield Corp. v. George F. Alger Co.*, 16 F.R.D. 27, 29 (S.D. Ohio 1954); *Stovall v. Gulf & So. Am. S. S. Co.*, 30 F.R.D. 152, 154 (D.C. Tex. 1961). Without waiving this objection, as a result of being deprived of the amounts which Questar was obligated to pay to the Defendants, the Defendants lost the ability to use this money to expand international operations, acquire additional oil and gas properties, and conduct additional oil and gas operations.

INTERROGATORY NO. 43: State your rate of return on investments for each year 1988 to the present, and explain how you determined that rate.

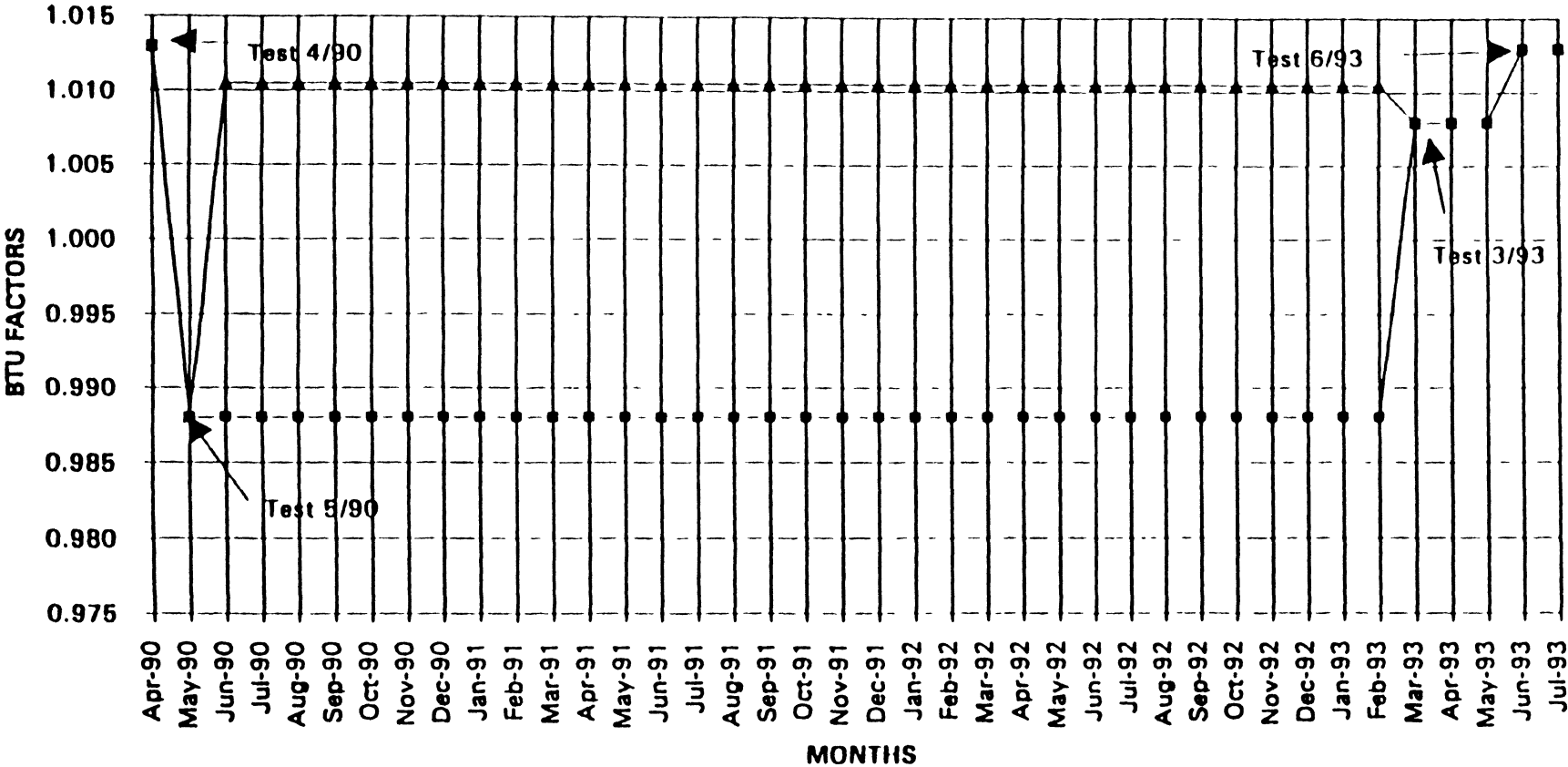
RESPONSE: The rate of return has been in excess of 100% per year based upon the value of assets developed.

INTERROGATORY NO. 44: Provide and explain your damages calculations and include a specific damages amount for each of your claims, including your claim for lost

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- 7. UPDATED TAKE OR PAY CALCULATIONS**
- 8. UPDATED MAKEUP CALCULATIONS**
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**NGU 22-8 REVISED BTU vs EXISTING BTU**



NGU 22.8 DAKOTA												
			REVISED BTU	EXIST PRICE	PRICE DIFF	MCF	\$/MCF	CUM	STMP INT AT 7%	PRICE 7%	GRVNBORG INTEREST	NET \$
Apr 80	1.013	1.0130	1.0000	42.836	40.000	20.067	40	40	40	40	30.431201%	40
May 80	0.888	0.8880	1.0000	43.505	40.000	3.063	40	40	40	40	30.431201%	40
Jun 80	0.888	1.0105	1.0228	43.582	40.082	14.942	11.218	11.218	40	11.219	30.431201%	13.71
Jul 80	0.888	1.0105	1.0228	43.589	40.082	13.563	11.112	11.112	40	11.119	30.431201%	13.40
Aug 80	0.888	1.0105	1.0228	43.612	40.082	12.064	10.882	10.882	11.4	11.006	30.431201%	13.06
Sep 80	0.888	1.0105	1.0228	43.626	40.083	7.506	10.843	10.843	12.0	10.840	30.431201%	11.95
Oct 80	0.888	1.0105	1.0228	43.640	40.083	11.273	10.834	10.834	12.3	10.857	30.431201%	12.91
Nov 80	0.888	1.0105	1.0228	43.651	40.083	10.226	10.850	10.850	12.8	10.878	30.431201%	12.68
Dec 80	0.888	1.0105	1.0228	43.662	40.083	11.520	10.861	10.861	13.3	10.894	30.431201%	13.02
Jan 81	0.888	1.0105	1.0228	43.673	40.084	8.056	10.874	10.874	14.0	10.914	30.431201%	13.17
Feb 81	0.888	1.0105	1.0228	43.682	40.084	10.048	10.843	10.843	14.4	10.880	30.431201%	12.70
Mar 81	0.888	1.0105	1.0228	43.691	40.084	10.048	10.845	10.845	14.4	10.889	30.431201%	12.70
Apr 81	0.888	1.0105	1.0228	43.700	40.084	6.841	10.801	10.850	15.4	10.854	30.431201%	11.99
May 81	0.888	1.0105	1.0228	42.585	40.059	6.814	10.409	10.858	15.6	10.864	30.431201%	11.41
Jun 81	0.888	1.0105	1.0228	42.585	40.059	8.713	10.516	10.473	15.8	10.874	30.431201%	11.76
Jul 81	0.888	1.0105	1.0228	42.585	40.059	4.088	10.277	10.760	16.0	10.837	30.431201%	11.03
Aug 81	0.888	1.0105	1.0228	42.585	40.059	8.011	10.688	11.318	16.4	10.812	30.431201%	11.92
Sep 81	0.888	1.0105	1.0228	42.585	40.059	8.061	10.406	11.724	16.7	10.843	30.431201%	11.44
Oct 81	0.888	1.0105	1.0228	42.585	40.059	8.406	10.487	12.321	16.7	10.864	30.431201%	11.72
Nov 81	0.888	1.0105	1.0228	42.585	40.059	7.848	10.404	12.084	17.3	10.837	30.431201%	11.03
Dec 81	0.888	1.0105	1.0228	42.585	40.059	7.702	10.465	13.140	17.3	10.828	30.431201%	11.01
Jan 82	0.888	1.0105	1.0228	42.585	40.059	7.206	10.428	13.509	17.8	10.808	30.431201%	11.54
Feb 82	0.888	1.0105	1.0228	42.585	40.059	6.307	10.373	13.859	18.1	10.853	30.431201%	11.38
Mar 82	0.888	1.0105	1.0228	42.585	40.059	28.7	10.117	13.859	17.8	10.84	30.431201%	12.8
Apr 82	0.888	1.0105	1.0228	42.585	40.059	10.516	10.621	14.580	18.3	10.804	30.431201%	12.14
May 82	0.888	1.0105	1.0228	42.585	40.059	10.781	10.638	15.218	18.4	10.822	30.431201%	12.20
Jun 82	0.888	1.0105	1.0228	42.585	40.059	11.083	10.655	15.873	19.0	10.845	30.431201%	12.27
Jul 82	0.888	1.0105	1.0228	42.585	40.059	11.547	10.682	16.566	19.1	10.874	30.431201%	12.35
Aug 82	0.888	1.0105	1.0228	42.585	40.059	10.838	10.640	17.186	18.8	10.799	30.431201%	12.26
Sep 82	0.888	1.0105	1.0228	42.585	40.059	4.365	10.267	17.453	1102	10.860	30.431201%	11.09
Oct 82	0.888	1.0105	1.0228	42.585	40.058	5.263	10.311	17.764	1100	10.841	30.431201%	11.26
Nov 82	0.888	1.0105	1.0228	42.585	40.058	11.986	10.708	18.472	1106	10.814	30.431201%	12.48
Dec 82	0.888	1.0105	1.0228	42.585	40.059	6.411	10.379	18.851	1109	10.885	30.431201%	11.48
Jan 83	0.888	1.0105	1.0228	42.585	40.058	14.482	10.856	19.708	1112	10.868	30.431201%	12.85
Feb 83	0.888	1.0105	1.0228	42.585	40.058	10.811	10.639	20.346	1117	10.766	30.431201%	12.30
Mar 83	1.008	1.0080	1.0000	42.585	40.000	12.580	40	40	1108	10.109	30.431201%	13.3
Apr 83	1.008	1.0080	1.0000	42.585	40.000	11.467	40	40	1108	10.109	30.431201%	13.3
May 83	1.008	1.0080	1.0000	42.585	40.000	11.467	40	40	1108	10.109	30.431201%	13.3
Jun 83	1.013	1.0130	1.0000	42.585	40.000	11.467	40	40	1108	10.109	30.431201%	13.3
Jul 83	1.013	1.0130	1.0000	42.585	40.000	11.467	40	40	1108	10.109	30.431201%	13.3
												10.880

Tab 4

TOM C. TONER  
YONKEE & TONER  
P. O. BOX 6288  
SHERIDAN, WYOMING 82801  
(307) 674-7451

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING

QUESTAR PIPELINE COMPANY,  
  
Plaintiff,

v.

JACK J. GRYNBERG, CELESTE C.  
GRYNBERG, L & R EXPLORATION  
VENTURE,

Defendants.

No. 92CV0265

DEFENDANTS' REVISED DESIGNATION OF EXPERT WITNESSES  
AND SUMMARY OF EXPERT TESTIMONY – UNDER SEAL

The Defendants designate the following persons as expert witnesses whom the  
Defendants may call in this case:

1. Patricia A. Curran
2. Morris Ettinger
3. Howard Fredrickson
4. Jack J. Grynberg
5. Thomas R. Hughes
6. Reggie L. Medley

7. Karl R. Nelson
8. Edward M. O'Mara
9. Robert J. Oxford
10. Robert Pelo
11. Nancy Skancke
12. Franklin J. Stermole
13. Richard Veghte
14. Tom Venglar

Summaries of the testimony of these expert witnesses are attached to this designation.

The Defendants may amend, supplement or change this designation of expert testimony after additional discovery has been completed or outstanding discovery has been responded to by the Plaintiff.

This designation is also filed under seal because parts of the designation may refer to material which has been designated as confidential.

The Defendants may also call any of the expert witnesses designated by PG&E Resources Company in Civil Action No. 93-CV-063, and the Defendants incorporate by

reference herein any designation of experts' testimony made by PG&E Resources Company in the above-entitled action and any depositions given by such experts in that action.

DATED this 17<sup>th</sup> day of August, 1993.

YONKEE & TONER

By: Tom C. Toner  
TOM C. TONER

Attorneys for Defendants  
P. O. Box 6288  
Sheridan, Wyoming 82801  
307 674-7451

CERTIFICATE OF SERVICE

I, TOM C. TONER, hereby certify that on the 17<sup>th</sup> day of August, 1993, I caused the foregoing DEFENDANTS' REVISED DESIGNATION OF EXPERT WITNESSES AND SUMMARY OF EXPERT TESTIMONY — UNDER SEAL to be served on the other parties by depositing a copy of the same in the United States mail, postage prepaid, at Sheridan, Wyoming, and duly addressed to:

John F. Shepherd  
Holland & Hart  
555 Seventeenth Street, Suite 2900  
P. O. Box 8749  
Denver, Colorado 80201

Tom C. Toner  
Yonkee & Toner



**MORRIS ETTINGER**

Morris Ettinger, 5000 South Quebec, Suite 500, Denver, Colorado, (303) 850-7490. Mr. Ettinger is an employee of Grynberg Petroleum. He has a Geophysical Engineering Degree and a Masters of Science Degree from the Colorado School of Mines. Mr. Ettinger will testify to those matters and opinions set forth in the summary of his testimony in the Defendants' Pretrial Memorandum dated July 8, 1993 and to the take or pay calculations, summaries of deliverability data, analyses of Questar's deliverability calculations and take or pay calculations, and makeup gas calculations and damages as shown on the documents which are attached to this designation. Mr. Ettinger will also testify that under paragraph IX-4, the gross heating value was to be determined by Questar at least quarterly and that based on his review of Questar's reports of Btu tests, Questar failed to conduct the Btu tests as required by the contract.

Tab 5



**THOMAS T. TOMKO  
AND ASSOCIATES, INC.**

Registered Professional Reporters

820 Sixteenth St., Suite 830  
Denver, Colorado 80202  
(303) 825-1822

**UNITED STATES DISTRICT COURT - DISTRICT OF WYOMING**

Case No. 92-CV-0265

**DEPOSITION OF  
MORRIS EITINGER**

QUESTAR PIPELINE COMPANY, Plaintiff

v.

JACK J. GRYNBERG, CELESTE C. GRYNBERG,  
L&R EXPLORATION VENTURE, Defendants

Defendants

PURSUANT TO NOTICE AND THE FEDERAL RULES OF CIVIL PROCEDURE, the deposition of MORRIS EITINGER was taken by the Plaintiff at the offices of Grynberg Production Corporation, 5000 South Quebec Street, Suite 500, Denver, Colorado, beginning at the hour of 9:20 a.m. on Friday, October 15, 1993, before Lisa D. Anthony, Registered Professional Reporter and Notary Public, State of Colorado.

**APPEARANCES:**

Plaintiff appeared by MR. JOHN P. SHEPHERD of  
Holland & Hart, Attorneys at Law, 555 - 17th Street,

Suite 2900, Denver, Colorado 80202.

Defendants appeared by MR. TOM C. TOWER of  
Yonkee & Toner, Attorneys at Law, 319 West Dow,  
P.O. Box 6288, Sheridan, Wyoming 82801.

**EXAMINATION INDEX**

Examination by Mr. Shepherd

**EXHIBIT INDEX**

Identified/

Exhibit No. Description Referred to:  
3 4-74 Amended Gas Purchase Agreement between Terra Resources and Mountain Fuel  
44 Grynberg Take-or-Pay Calculations, Summary of All Contracts, 9-24-93  
45 Summary of Deliverability Data, Nichole Gulch Area

20	46	Questar Downtime: 1988 thru 1992	45
21		Contract 246	
22	53	Grynberg Makeup Gas Calculations, Summary of All Contracts, 9-24-93	45
23		(Above exhibits marked previously)	
24	55	Notes by Eitinger	15

**EXHIBIT INDEX (Cont'd)**

1	Identified/		
2	Exhibit No.	Description	Referred to:
3	56	11-21-89 Letter to Grynberg from Nichole with attachments	55
4	57	Wyoming Oil & Gas Conservation Commission, Applicant's List of Exhibits, Exhibits 1 through 7 attached	62, 66
5	58	10-24-75 Letter to Walman from Bergeson	66
6			
7			
8			

**MORRIS EITINGER,**

having been sworn, was examined and testified as follows:

**EXAMINATION**

BY MR. SHEPHERD:

Q. Good morning, Mr. Eitinger.

A. Good morning.

Q. We just met this morning, and I'm here representing Questar Pipeline Company to take your deposition in this case. Could you please state your full name for the record?

A. Morris Eitinger.

Q. Have you been deposed before?

A. Yes.

Q. So you're familiar with all the procedures here today?

A. I think so.

Q. What is your position with Mr. Grynberg's oil and gas business?

A. I am vice president of Grynberg Petroleum and familiar with all aspect of the company.

Q. Is Grynberg Petroleum a corporation or another entity?

A. It's basically a privately owned entity. I do not think corporation in true sense of stocks and all that. I don't think so.

Q. Do you have any position with L&R Exploration Venture?

A. Only through connection, through Grynberg Petroleum.

Q. How long have you been employed by Grynberg Petroleum?

A. I was involved since the middle '50s, off and on, with one entity or another of Grynberg Petroleum, or at one time it was called Grynberg and Associates.

Q. So it is fair to say you've been working for or with Jack Grynberg since the middle '50s, whatever the entity was called at that time?

**EXHIBIT**

Motion in Limine

2

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12 Q. What else would it have shown?  
 13 A. It shows the wells and the production and the  
 14 deliverability and the take-or-pay obligation.  
 15 Q. I think you mentioned two cases that you  
 16 testified as an expert in. Are the two the Rocky Mountain  
 17 2 and 3 cases, or is there one that I've missed?  
 18 A. No. These are 2 and 3, yes.  
 19 Q. When was that litigation going on, Rocky 2 and 3?  
 20 A. Rocky 2, I think sometime '87 or '88, I think.  
 21 And Rocky 3 was possibly this year, I think in February of  
 22 this year.  
 23 Q. As I understand it, I think Rocky 3, perhaps in  
 24 earlier cases, has involved issues over the price of gas.  
 25 Have you been involved in providing any expert testimony

1 on those, or assisting?  
 2 A. Not on the price of gas.  
 3 Q. What was the take-or-pay period involved in that  
 4 case or cases?  
 5 A. In Rocky 2?  
 6 Q. Yes.  
 7 A. If I remember, it was '84 to '87, something like  
 8 that.  
 9 Q. What about in Rocky 3?  
 10 A. Well, Rocky 3 referred to the same thing. My  
 11 testimony referred to the same thing.  
 12 Q. Was it the '84 to '87 period?  
 13 A. That's right. My part, my testimony. There were  
 14 other testimonies, but I was talking about the same  
 15 subject.  
 16 Q. So Rocky 2 did not resolve the matter of take or  
 17 pay for '84 to '87?  
 18 A. It did resolve, and they paid the money, and it  
 19 was upheld by the court of appeal. And I don't know why  
 20 they really wanted to come back. I never really  
 21 understood that.  
 22 Q. Did Mr. Grynberg prevail on that issue in  
 23 Rocky 3?  
 24 A. Again, I think it's academic, because it was  
 25 decided in Rocky 2. I mean, my part. Then there were

1 other issues. But the take or pay for this period of  
 2 time, as I said, I don't understand why they wanted to go  
 3 back to it. But I guess they wanted to for whatever  
 4 reason.  
 5 Q. Were you testifying on the same opinions as in  
 6 the Rocky 2 case?  
 7 A. That's right.  
 8 Q. Have you testified in any other cases as a fact  
 9 witness on take-or-pay issues or calculations?  
 10 A. No, I don't think so.  
 11 Q. You recall we sent a notice of deposition that  
 12 described some documents to bring to the deposition. And  
 13 I'd like to see the documents you have brought.  
 14 A. I brought you these, this and that. (Indicating)  
 15 MR. SHEPHERD: Off the record.

16 (Brief interruption)  
 17 Q. (By Mr. Shepherd) Mr. Ettinger, can you identify  
 18 Exhibit 55 for the record?  
 19 A. Yes. This is my working copy on the Btu analysis  
 20 of the Nicholas Gulch field performed by Questar.  
 21 Q. Let's go through the document from the top. Is  
 22 that number 4-17 D?  
 23 A. Yeah. This is the well.  
 24 Q. Can you explain what the various numbers there  
 25 mean?

1 A. 4-17 is the well number. D stands for Dakota.  
 2 Q. It says, last test, 12/87. What does that mean?  
 3 A. That's all that shows in the record that I  
 4 received from Questar. The last Btu test for this 4-17  
 5 well, Dakota, was made on December '87.  
 6 Q. Are the numbers to the right the wet and dry  
 7 values?  
 8 A. Yes. It is the Btu values.  
 9 Q. Then the well underneath that, the 4-17 F--which  
 10 would stand for Frontier?  
 11 A. That's right.  
 12 Q. The last test is December 1990?  
 13 A. That's right.  
 14 Q. Again, the numbers to the right are the wet and  
 15 dry values for Btu is  
 16 A. Yes.  
 17 Q. What does the entry with the 17-16 well mean?  
 18 A. That 17-16 well, it's a well that produced from  
 19 Frontier and Dakota. And the test shows only one value,  
 20 and so there's no way for me to tell if it referred to  
 21 Frontier or referred to Dakota.  
 22 Q. That value was 1037?  
 23 A. That's right.  
 24 Q. Is that a wet or dry value?  
 25 A. I imagine it's wet, but I don't recall right now.

1 I didn't put it down.  
 2 Q. What was the date of that test?  
 3 A. I have to look at the data. It says in the data.  
 4 But to me is the fact that the data is not sufficient to  
 5 tell you if it's from Frontier or Dakota.  
 6 Q. Are your notes the same with respect to the 1-28  
 7 well?  
 8 A. That's correct.  
 9 Q. Can you explain the notes that follow the  
 10 reference to the 22-8 well?  
 11 A. Yes. There was one test in 1990 that showed 1013  
 12 Btu, and this was made in April 1990. Then there was  
 13 another test after that, in May of 1990, that showed 988.  
 14 And then there was another test made in June '93 that  
 15 shows 1013. And there's a note here that payment was made  
 16 based on 988 Btu in March of '93.  
 17 Q. Can you explain for the record what the  
 18 references are after the 1-28 D well?  
 19 A. Down here, the table?

20 Q. Yes.  
21 A. This is simply taken from the settlement to show  
22 at various years, like 1990, '91 and '92, what was the Btu  
23 content for the 1-28 Dakota. And then below it, the 1-28  
24 Frontier. And it shows that for Dakota, for example, it  
25 was, in 1990, 1067; 1991, 1069; 1992, 1067. And then for

1 the Frontier, 1990, 1066; and '91 and '92 the same thing.  
2 Q. Why is that information on your notes?  
3 A. Because what I wonder is, based on the test that  
4 I saw there above, without the differences between  
5 Frontier and Dakota, yet when payment was made, there are  
6 some differences. And I wondered where they got this  
7 information from, which was not available to me.

8 Q. Can you briefly describe the rest of your chart  
9 there?

10 A. Then it says 4-17 Dakota. And again it shows in  
11 '98 payment was made based on 1030; '89, 1030; 1990, 1030;  
12 '91, 1030; and July '92, 1041.

13 Q. I take it the same statement would be made about  
14 the 4-17 F?

15 A. Yes.

16 Q. And the 22-8?

17 A. That's right.

18 Q. Are those numbers on here because you question  
19 the accuracy of them?

20 A. The question is that, in my opinion, there's a  
21 discrepancy from the information that I got. And the  
22 payments that were made by Questar have some changes in  
23 Btu with no test to support it, as far as I did not  
24 receive or didn't see it or couldn't find it.

25 Q. Where did you get the information for the chart

1 that you have here?

2 A. This chart? From settlement.

3 Q. Settlement statements?

4 A. Yes.

5 Q. Are those statements that Mr. Grynberg receives  
6 each month from Questar?

7 A. That's right.

8 Q. Then you're comparing the Btu information on the  
9 settlement statements with Btu information on other  
10 records?

11 A. That's right.

12 Q. What are the other records that you're relying  
13 on?

14 A. This is an exhibit that I received from Questar.

15 Q. Do you know what it's called?

16 A. I don't know. It was a bunch of computer tables.

17 Q. Do you have that document with you in this  
18 office?

19 A. Yeah, I do have it.

20 Q. At the break, if you could get that so we could  
21 look at it, I'd appreciate it.

22 A. Okay.

23 Q. At the bottom of the page are some notes about

24 the 22-8 well.

25 A. Well, I just wanted to estimate what is the

1 difference, because it was clear to me that 988 is a wrong  
2 number, because the Btu is too low compared to the other  
3 wells in the area. And I wanted to get some kind of an  
4 estimate as to what are we talking in terms of dollars.

5 So in 1990 I got the production for this 22-8 was  
6 104,803 mcf; '91 was 94,839; '92 it was 96,648, for a  
7 total of 296,320. And if we assume that the proper Btu is  
8 1015—so I took the difference and took the ratio, and  
9 assuming average price of \$2.00 per mcf and assuming again  
10 it's approximation of the working interest, 30 percent.  
11 And I got roughly \$6,000 the difference in the 22-8, that  
12 based on Btu differences we should receive additional  
13 \$6,000.

14 Q. Have you prepared those kind of calculations for  
15 all the wells in the unit?

16 A. No, because the 22-8 was an exceptional case.

17 The rest I'm not going to argue. And we never got—or I  
18 haven't examined the actual analysis. And if it's 1040 or  
19 1041 or 1042, I didn't pay too much attention. There  
20 could be some variation in my opinion. But 988 was way  
21 too low.

22 Q. Which wells then would you be describing require  
23 an adjustment to the price?

24 A. Primarily—as I said, I use only—this was kind  
25 of a preliminary examination, and I really did not go into

1 a lot of details. But my main purpose—I had double  
2 purpose. One, for the 22-8 it was clear that the Btu was  
3 wrong. In the others I'm not saying that the Btu was  
4 wrong. I'm saying that if Questar was not consistent with  
5 the contract that calls for every quarter to run a test,  
6 and I showed here that there was some missing information.

7 Q. Which wells are you going to testify that Questar  
8 did not run a test as required by the contract?

9 A. Well, one of them, for example, is 4-17. Because  
10 from the information I have, the last one I have there is  
11 December '87.

12 Q. What other wells besides that?

13 A. And then 4-17 Frontier, and the last test there  
14 is December 1990. And then there is some problem with the  
15 17-16 and the 1-28.

16 Q. And the problem there is that the Btu—

17 A. I cannot identify for Dakota, Frontier.

18 Q. But it's possible that the numbers shown could  
19 apply to both?

20 A. Well, according to the payment it doesn't.

21 Q. Is that information on these notes?

22 A. As you see on the table, we have a different Btu  
23 than what we show here, 1037. So there are two problems.  
24 Number one is, you have different values for Frontier and  
25 Dakota. And my question is where they got it from.

1 Q. I don't see any entry on here for the 17-16 well.

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2 A. Oh, I'm sorry. This is the 1-28, I mean, the  
3 1-28.  
4 Q. So the number shown above, the 1059?  
5 A. Yeah, 1059. And then as you can see, the payment  
6 was for 1067 for Dakota and 1066 for Frontier. What I am  
7 saying is, there is some kind of a problem with the  
8 numbers. The numbers, I agree, are relatively small. I  
9 won't say it's a major—  
10 Q. Do you have a list of the wells that you say  
11 Questar did not conduct tests for, other than the wells on  
12 this piece of paper?  
13 A. All what I did is—and as I said, it was a very  
14 preliminary examination—we asked for the Btu information  
15 from Questar. That's what we received, as I understand.  
16 And I looked at this information, and that's what I was  
17 able to find.  
18 Q. I just want to make sure I know which wells  
19 Mr. Grynberg was complaining about on this Btu issue. And  
20 I see the wells listed here.  
21 A. I can tell you what I did.  
22 Q. Okay.  
23 A. That's what I did.  
24 Q. When you testify at trial, are you going to be  
25 testifying about other wells than the ones listed on this

1 piece of paper?  
2 A. That's up to my lawyer.  
3 Q. Well, we're here to take your deposition as an  
4 expert witness, and your designation says that you will be  
5 giving an opinion on this Btu issue. So I'm here today to  
6 try and find out exactly what that opinion is.  
7 A. This is my information that I have.  
8 Q. Are you still doing work on this issue?  
9 A. I beg your pardon?  
10 Q. Are you still doing work on the Btu issue?  
11 A. Not at this moment.  
12 Q. Do you intend to?  
13 A. Unless I will be asked.  
14 Q. Do you have a damage calculation for the Btu  
15 issue?  
16 A. I didn't do that.  
17 Q. Has somebody else done that?  
18 A. Possibly.  
19 Q. Do you know who it is?  
20 A. If I'm not mistaken, Marty O'Meara.  
21 Q. I see your calculation for the 27-8 well. From  
22 these notes, can you express an opinion or do you have an  
23 opinion about the damage calculations for any other wells?  
24 A. No. I didn't run, because I felt that the  
25 numbers are relatively small and inconsistent, and I

1 didn't make an attempt to run other ones.  
2 Q. I take it then that as of today your opinion on  
3 the damages for this issue was about \$6,000?  
4 A. I took the key, which I thought this was the  
5 largest number. And I didn't address anything else. And

6 I'm not going to, I think, testify to any damages in terms  
7 of those other ones. Only in terms of the method of  
8 testing and so forth.  
9 MR. SHEPHERD: Off the record.  
10 (Discussion held off record)  
11 Q. (By Mr. Shepherd) Mr. Ettinger, with  
12 Mr. Grynberg's answers to interrogatories submitted in  
13 September there were attached a number of schedules. One  
14 of the schedules is entitled, Btu Adjustment, and they  
15 bear Bates stamp numbers 204742 and 204743. Can you  
16 identify those documents?  
17 A. When you say identify, that means did I work on  
18 that or—I don't understand when you say identify.  
19 Q. Is this something you prepared?  
20 A. No.  
21 Q. Do you know who prepared it?  
22 A. Possibly Marty O'Meara.  
23 Q. Have you seen this document before?  
24 A. Before, very short time, something.  
25 Q. The next page has some calculations on it. Have

1 you seen that document before?  
2 A. No. Maybe in passing, but I didn't study it or  
3 anything like that. But it basically refer to same thing  
4 I'm talking about.  
5 MR. SHEPHERD: Tom, yesterday Mr. Grynberg  
6 referred to a claim of about \$100,000 for the Btu issue.  
7 Or maybe I misheard him.  
8 MR. TONER: I think you misunderstood.  
9 MR. SHEPHERD: So the claim that we see here then  
10 is, under this table, about \$68,000?  
11 MR. TONER: That's what it is for that well.  
12 MR. SHEPHERD: Are there other wells for which  
13 there is a claim?  
14 MR. TONER: I don't know. Not that I'm aware of.  
15 Q. (By Mr. Shepherd) Regarding your opinion on the  
16 take-or-pay issues in the case, what documents have you  
17 reviewed to form your opinion?  
18 A. Primarily the contract.  
19 Q. Anything else?  
20 A. I would say that's primarily it.  
21 Q. Have you reviewed Questar's settlement statements  
22 on production?  
23 A. I looked at some, but I really did not study it  
24 because I myself did not perform the actual calculations.  
25 Q. What was your involvement in the take-or-pay

1 calculations?  
2 A. I formulated the basic parameters, how the  
3 take-or-pay calculations should be performed.  
4 Q. How do you do that?  
5 A. By reviewing the contract and also looking at the  
6 production information and also data on the deliverability  
7 tests.  
8 Q. Can you describe the basic parameters that you  
9 established for running the take-or-pay calculations?

Tab 6

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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING

QUESTAR PIPELINE COMPANY,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 92-CV-265J
	)	
JACK J. GRYNBERG, <u>et al.</u> ,	)	
	)	
Defendants.	)	

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QUESTAR'S MOTION IN LIMINE TO EXCLUDE EVIDENCE ON NEW BTU CLAIM

---

Questar moves to exclude evidence on defendants' "Btu claim" beyond the original Btu claim for approximately \$6,000, and further, for an order to preclude defendants from trying this new claim at a later time. Very recently, defendants' claim grew from a relatively small \$6,000 to approximately \$2.0 million.



Because this new Btu claim was never properly pleaded, nor subject to discovery and motions, defendants should not be able to present evidence on it. Further, because the claim is integrally related to the claims set for trial, defendants should not be able to bring it later.

A. Procedural History

Defendants' counterclaim (12/16/92) did not allege any breach of contract for failure to pay on the basis of correct Btu measurements. Defendants' first amended counterclaim at ¶ 14 (7/16/93) claimed, "The Plaintiff paid for gas purchased from the defendants using incorrect Btu adjustments." Neither Paragraph 15 nor any other part of that amended pleading, however, stated a claim for damages based on this alleged breach.

Defendants' June 4, 1993 designation of experts calculated and accepted Questar's Btu measurements in all past damage calculations, and also included prospective damage calculations based on Questar's past Btu measurement practices. Defendants' August 17, 1993 revised designation of expert testimony made one statement: Morris Ettinger would testify that, "under paragraph IX-4, the gross heating value [of the gas] was to be determined by Questar at least quarterly and that based on his review of Questar's reports of Btu tests, Questar failed to conduct the Btu tests as required by the contract." No expert designations

included my opinions or calculations associated with any Btu claim.

In response to Questar's Interrogatory No. 41, which asked about defendants' Btu claim as stated in the first amended counterclaim, defendants responded with little more than the statement in Mr. Ettinger's expert designation, claiming that Questar failed to test Btu's on a quarterly basis and limiting the claim to the years 1988 forward. The attachment quantified the claim as relating only to one well, and having a total value of 6,880, including prejudgment interest. See Exhibit 1 attached.

Counsel for Questar took Mr. Ettinger's deposition on October 15, 1993. There, Mr. Ettinger testified that defendants sought approximately \$6,000 in damages for the Btu claim (See Ettinger Depo., Exh. 2 hereto at 15:17-25:14), and defendants's counsel stated the claim at approximately \$6800. Id. at 25:5-14.

Given the foregoing pleadings, interrogatory response, and deposition testimony, Questar understood the Btu claim to be a minuscule part of this multi-million dollar lawsuit. Indeed, for the well in question, defendants' simply misunderstood where the Btu measurements were taken.

Just over three weeks ago, however, during late January or early February 1994, Mr. Jack Grynberg met with Mr. Alan Walker

of Mountain Fuel; although the purpose of the meeting was settlement discussions, Mr. Grynberg provided Mr. Walker with documents and an analysis purporting to put forward an entirely new Btu claim of which Questar had previously heard nothing. To Questar's great surprise, defendants claimed that approximately \$2 million in price adjustments were owing for allegedly improper Btu measurements. Moreover, these adjustments rippled through all of defendants' damages calculations, raising all of their claimed damages for Questar's alleged failure to pay the correct price for deregulated gas and for alleged taking of gas without payment, and for alleged take or pay liability.

In the brief time it had to review Mr. Grynberg's new documents and analysis, Questar saw a fundamental mistaken assumption in the analysis: Mr. Grynberg had failed to understand for the difference between Btu's reported on a wet gas and dry gas basis in different periods. Having informed defendants of this critical error, Questar expected that defendants would withdraw the new Btu claim. Nevertheless, defendants presented yet another new Btu claim -- provided to Questar less than 2 weeks before trial. This claim again states the damages in the range of \$2.0 million. Furthermore, this latest claim substituted some entirely new, as yet undisclosed methodology. Like defendants' "stolen gas" claim, the new Btu claim now

purports to displace historical Btu testing over the last 20 years with assumptions or opinions about what the gas heating value should have been.

B. Defendants' Untimely New Claim Prejudices Questar;  
Defendants' Delay in Raising the Claim is Inexcusable.

Questar's knowledge of the new \$2 million Btu claim comes not from any pleading or deposition testimony even suggesting the claim's existence, nor from defendants' counsel. Rather, Mr. Grynberg informally conveyed piles of documents and analysis to Mr. Walker in the context of a settlement meeting. Defendants have not supplemented discovery or expert designations. Questar has had no opportunity to pursue discovery or motions practice on this new claim. Indeed, Questar has not designated any witnesses or any exhibits on the new claim.

Testimony on the new claim will require intensive discovery and expert analysis. Just as with the "stolen gas" claim, defendants hope to convince a jury to substitute for the physical, historical Btu tests actually performed over the years expert opinions of what Btu test results allegedly should have been. Within the past two day, defendants have changed their minds twice as to what witnesses they will offer and who should be deposed. Questar cannot be expected to defend this sort of claim without discovery and adequate time for expert analysis of its own.

To the extent defendants' claim goes back more than four years, it should be barred by the U.C.C.'s four-year statute of limitations for breach of contract. (The claim appears to date back to 1974.) However, defendants' new claim nonetheless has a substantial impact for contract years 1988 through 1992, because the claim purports to increase the take-or-pay and "stolen gas" and pricing damages. Thus, without having been afforded adequate notice of, or adequate opportunity to discover or move for summary judgment on, the claim, Questar is severely prejudiced by defendants' "trial by surprise" tactics.

Defendants, moreover, can show no legitimate excuse for failing to raise timely the new claim. As noted, defendants' July 16, 1993 first amended counterclaim alleged a breach for payment supposedly based on incorrect Btu adjustments, so it is obvious that defendants had contemplated the subject. In addition, defendants have had all of the Btu information they now challenge since at least last March 1993, if not earlier, because settlement statements provided by Questar refer to the measured Btu value. See Ettinger Depo., Exh. 2 hereto at 19. Under circumstances where defendants have at best been dilatory and have at worst hidden the ball in pleadings and deposition testimony, they should not be allowed to present evidence of yet another new Btu claim.

C. Defendants Should Not Be Allowed to Try the New Btu Claim at a Later Time.

Defendants' Btu claim, if properly a part of any case, can only be seen as part of this one. As noted, defendants' Btu adjustments in the last three weeks affect all of the significant damages calculations in this case, including take-or-pay and "stolen gas" damages. Accordingly, if defendants were going to try this new Btu claim, they should have done it as part of the trial set to begin February 28, 1994.

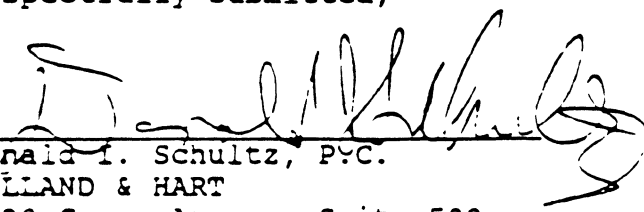
But because defendants' delay in raising the new Btu claim severely prejudices Questar, the Court should preclude defendants from presenting evidence on it at the February 28 trial. And because the new Btu claim is so intimately related to the other claims going to trial, defendants also should not be allowed to bring it at a later time.

WHEREFORE, Questar seeks an order: (1) precluding defendants from presenting any evidence of their new, recently-expanded Btu claim (i.e., precluding any evidence except that supporting defendants' original \$6,800 Btu claim); and (2) ruling that

defendants will not be permitted to try the new Btu claim at a later time.

Dated: February 23, 1994.

Respectfully submitted,

  
Donald I. Schultz, P.C.  
HOLLAND & HART  
2020 Carey Avenue, Suite 500  
Cheyenne, Wyoming 82001  
(307) 778-4226

John F. Shepherd  
Jane L. Montgomery  
HOLLAND & HART  
P.O. Box 8749  
Denver, Colorado 80201  
(303) 295-3309

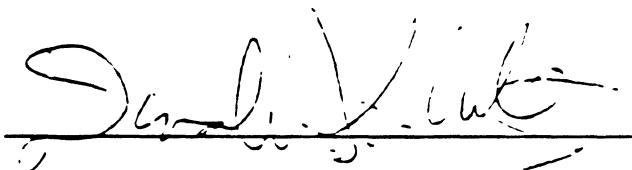
Gary G. Sackett  
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Attorneys for Plaintiff  
Questar Pipeline Company

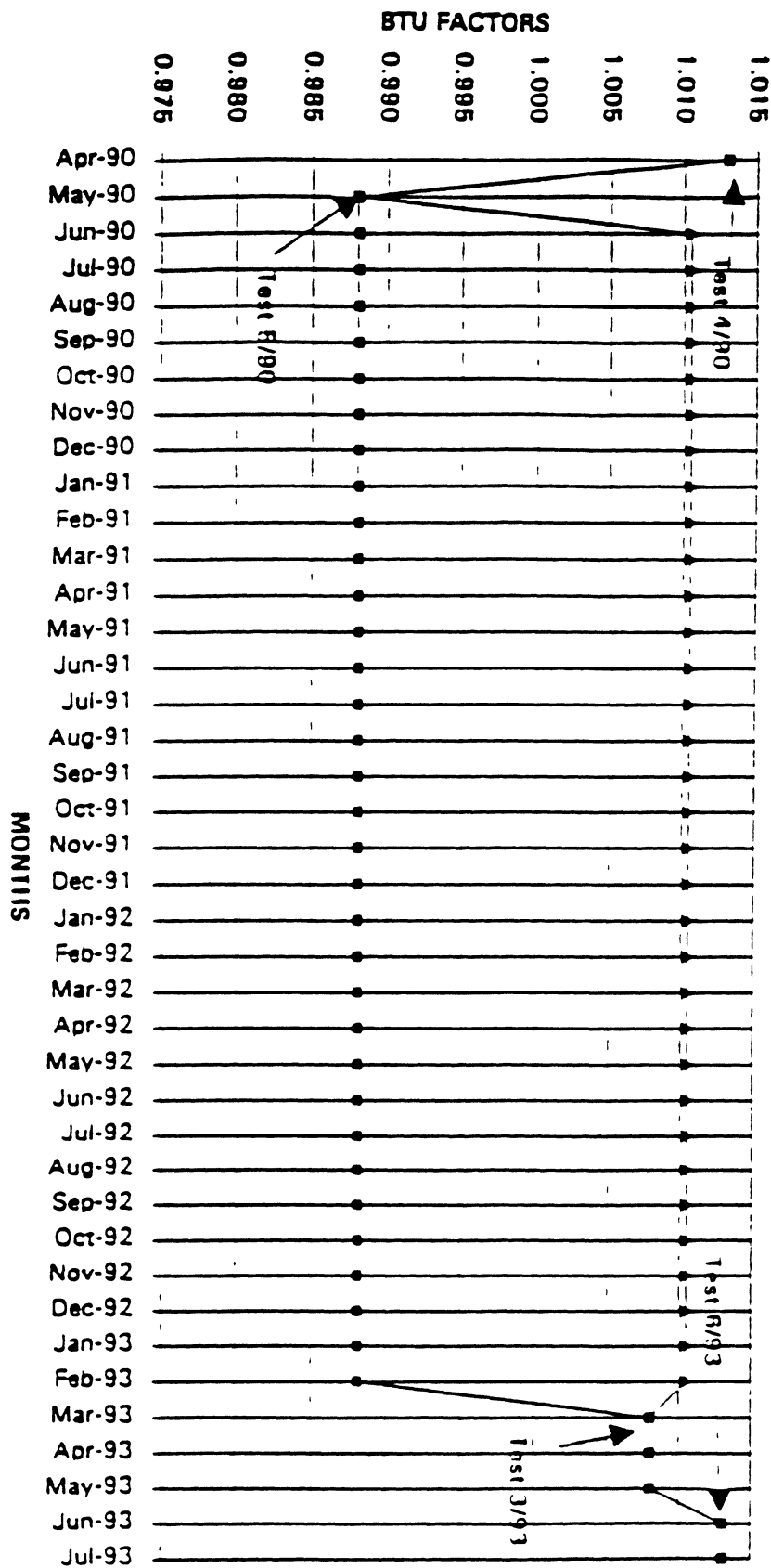
CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of February, 1994, I served the foregoing QUESTAR'S MOTION IN LIMINE TO EXCLUDE EVIDENCE ON NEW BTU CLAIM by Federal Express to:

Tom C. Toner  
YONKEE & TONER  
P.O. Box 6288  
Sheridan, Wyoming 82801

A handwritten signature, likely of Tom C. Toner, is written over a horizontal line. The signature is cursive and stylized.





NGU 22-8 REVISED BTU vs EXISTING BTU

**EXHIBIT**

Motion in Limine

1670



**THOMAS T. TOMKO  
AND ASSOCIATES, INC.**

Registered Professional Reporters

820 Sixteenth St., Suite 830  
Denver, Colorado 80202  
(303) 325-1822

UNITED STATES DISTRICT COURT - DISTRICT OF WYOMING

Case No. 92-CV-0265

DEPOSITION OF  
MORRIS ETTINGER

QUESTAR PIPELINE COMPANY, Plaintiff

v.

JACK J. GRYNBERG, CELESTE C. GRYNBERG,  
LAR EXPLORATION VENTURE

Defendants

PURSUANT TO NOTICE AND THE FEDERAL RULES OF CIVIL  
PROCEDURE, the deposition of MORRIS ETTINGER was taken by  
the Plaintiff at the offices of Grynberg Production  
Corporation 5000 South Quebec Street, Suite 500, Denver,  
Colorado, beginning at the hour of 9:20 a.m. on Friday,  
October 15, 1993, before Lisa D. Anthony, Registered  
Professional Reporter and Notary Public, State of  
Colorado.

#### APPEARANCES:

Plaintiff appeared by MR. JOHN P. SHEPHERD of  
Holand & Hart, Attorneys at Law 555 - 17th Street,

Suite 2900, Denver Colorado 80202.

Defendants appeared by MR. TOM C. TOWER of  
Yoonke & Toner, Attorneys at Law, 319 West Dow,  
P.O. Box 6286, Sheridan, Wyoming 82801.

#### EXAMINATION INDEX

Examination by Mr. Shepherd  
.....

#### EXHIBIT INDEX

Identified/

Exhibit No. Description

1 4-74 Amending Gas Purchase  
Agreement between Terra Resources  
and Mountain Fuel

14 Grynberg Take-or-Pay Calculations,  
Summary of All Contracts, 9-24-93

15 Summary of Deliverability Data  
(Niche Gulch Area)

Referred to:

20 46 Questar Downstream 1983 thru 1992 45  
21 Contract 246  
22 53 Grynberg Makeup Gas Calculations, 45  
Summary of All Contracts, 9-24-93  
23 (Above exhibits marked previously)  
24 55 Notes by Ettinger 15

#### EXHIBIT INDEX (Cont'd)

Identified/  
2 Exhibit No. Description Referred to:  
3 56 11-21-89 Letter to Grynberg 55  
from Nishitani with attachments  
4 57 Wyoming Oil & Gas Conservation 62, 66  
Commission, Applicant's List of  
5 Exhibits, Exhibits 1 through 7 attached  
6 58 10-24-75 Letter to Wainman 66  
7 from Bergeson  
8 . . .

#### MORRIS ETTINGER,

11 having been sworn, was examined and testified as follows:

#### EXAMINATION

13 BY MR. SHEPHERD:

14 Q. Good morning, Mr. Ettinger.

15 A. Good morning.

16 Q. We met this morning, and I'm here  
17 representing Questar Pipeline Company to take your  
18 deposition in this case. Could you please state your full  
19 name for the record?

20 A. Morris Ettinger.

21 Q. Have you been deposed before?

22 A. Yes.

23 Q. So you're familiar with all the procedures here  
24 today?

25 A. I think so.

1 Q. What is your position with Mr. Grynberg's oil and  
2 gas business?

3 A. I am vice president of Grynberg Petroleum and  
4 familiar with all aspect of the company.

5 Q. Is Grynberg Petroleum a corporation or another  
6 entity?

7 A. It's basically a privately owned entity. I do  
8 not think corporation in true sense of stocks and all  
9 that. I don't think so.

10 Q. Do you have any position with Lar Exploration  
11 Venture?

12 A. Only through connection, through Grynberg  
13 Petroleum.

14 Q. How long have you been employed by Grynberg  
15 Petroleum?

16 A. I was involved since the middle '50s, off and on,  
17 with one entity or another of Grynberg Petroleum, or at  
18 one time it was called Grynberg and Associates.

19 Q. So it is fair to say you've been working for or  
20 with Jack Grynberg since the middle '50s, whatever the  
21 entity was called at that time?

**EXHIBIT**

Motion in Limine

2

13 Q. What else would it have shown?  
 13 A. It shows the wells and the production and the  
 14 deliverability and the take-or-pay obligation.  
 15 Q. I think you mentioned two cases that you  
 16 testified as an expert in. Are the two the Rocky Mountain  
 17 2 and 3 cases, or is there one that I've missed?  
 18 A. No. These are 2 and 3, yes.  
 19 Q. When was that litigation going on, Rocky 2 and 3?  
 20 A. Rocky 2, I think sometime '87 or '88. I think.  
 21 And Rocky 3 was possibly this year, I think in February of  
 22 this year.  
 23 Q. As I understand it, I think Rocky 3, perhaps in  
 24 earlier cases, has involved issues over the price of gas.  
 25 Have you been involved in providing any expert testimony

1 on those, or assisting?  
 2 A. Not on the price of gas.  
 3 Q. What was the take-or-pay period involved in that  
 4 case or cases?  
 5 A. In Rocky 2?  
 6 Q. Yes.  
 7 A. If I remember, it was '84 to '87, something like  
 8 that.  
 9 Q. What about in Rocky 3?  
 10 A. Well, Rocky 3 referred to the same thing. My  
 11 testimony referred to the same thing.  
 12 Q. Was it the '84 to '87 period?  
 13 A. That's right. My part, my testimony. There were  
 14 other testimonies, but I was talking about the same  
 15 subject.  
 16 Q. So Rocky 2 did not resolve the matter of take or  
 17 pay for '84 to '87?  
 18 A. It did resolve, and they paid the money, and it  
 19 was upheld by the court of appeal. And I don't know why  
 20 they really wanted to come back. I never really  
 21 understood that.  
 22 Q. Did Mr. Grynberg prevail on that issue in  
 23 Rocky 3?  
 24 A. Again, I think it's academic, because it was  
 25 decided in Rocky 2. I mean, my part. Then there were

1 other issues. But the take or pay for this period of  
 2 time, as I said, I don't understand why they wanted to go  
 3 back to it. But I guess they wanted to for whatever  
 4 reason.  
 5 Q. Were you testifying on the same opinions as in  
 6 the Rocky 2 case?  
 7 A. That's right.  
 8 Q. Have you testified in any other cases as a fact  
 9 witness on take-or-pay issues or calculations?  
 10 A. No, I don't think so.  
 11 Q. You recall we sent a notice of deposition that  
 12 described some documents to bring to the deposition. And  
 13 I'd like to see the documents you have brought.  
 14 A. I brought you those, this and that. (Indicating)  
 15 MR. SHEPHERD: Off the record.

16 (Brief interruption)  
 17 Q. (By Mr. Shepherd) Mr. Ettinger, can you identify  
 18 Exhibit 55 for the record?  
 19 A. Yes. This is my working copy on the Btu analysis  
 20 of the Natchez Gulch field performed by Questar.  
 21 Q. Let's go through the document from the top. Is  
 22 that number 4-17 D?  
 23 A. Yeah. This is the well.  
 24 Q. Can you explain what the various numbers there  
 25 mean?

1 A. 4-17 is the well number. D stands for Dakota.  
 2 Q. It says, last test, 12/87. What does that mean?  
 3 A. That's all that shows in the record that I  
 4 received from Questar. The last Btu test for this 4-17  
 5 well, Dakota, was made on December '87.  
 6 Q. Are the numbers to the right the wet and dry  
 7 values?  
 8 A. Yes. It is the Btu values.  
 9 Q. Then the well underneath that, the 4-17 F--which  
 10 would stand for Frontier?  
 11 A. That's right.  
 12 Q. The last test is December 1990?  
 13 A. That's right.  
 14 Q. Again, the numbers to the right are the wet and  
 15 dry values for Btu is?  
 16 A. Yes.  
 17 Q. What does the entry with the 17-16 well mean?  
 18 A. That 17-16 well, it's a well that produced from  
 19 Frontier and Dakota. And the test shows only one value,  
 20 and so there's no way for me to tell if it referred to  
 21 Frontier or referred to Dakota.  
 22 Q. That value was 1037?  
 23 A. That's right.  
 24 Q. Is that a wet or dry value?  
 25 A. I imagine it's wet, but I don't recall right now.

1 I didn't put it down.  
 2 Q. What was the date of that test?  
 3 A. I have to look at the data. It says in the data.  
 4 But to me is the fact that the data is not sufficient to  
 5 tell you if it's from Frontier or Dakota.  
 6 Q. Are your notes the same with respect to the 1-28  
 7 well?  
 8 A. That's correct.  
 9 Q. Can you explain the notes that follow the  
 10 reference to the 22-8 well?  
 11 A. Yes. There was one test in 1990 that showed 1013  
 12 Btu, and this was made in April 1990. Then there was  
 13 another test after that, in May of 1990, that showed 988.  
 14 And then there was another test made in June '93 that  
 15 shows 1013. And there's a note here that payment was made  
 16 based on 988 Btu in March of '93.  
 17 Q. Can you explain for the record what the  
 18 references are after the 1-28 D well?  
 19 A. Down here, the table?

20 Q. Yes.  
21 A. This is simply taken from the settlement to show  
22 at various years, like 1990, '91 and '92, what was the Btu  
23 content for the 1-28 Dakota. And then below it, the 1-28  
24 Frontier. And it shows that for Dakota, for example, it  
25 was, in 1990, 1067; 1991, 1069; 1992, 1067. And then for

1 the Frontier, 1990, 1066, and '91 and '92 the same thing.  
2 Q. Why is that information on your notes?  
3 A. Because what I wonder is, based on the test that  
4 I saw there above, without the differences between  
5 Frontier and Dakota, yet when payment was made, there are  
6 some differences. And I wondered where they got this  
7 information from, which was not available to me.  
8 Q. Can you briefly describe the rest of your chart  
9 there?  
10 A. Then it says 4-17 Dakota. And again it shows in  
11 '98 payment was made based on 1030; '89, 1030; 1990, 1030;  
12 '91, 1030; and Jan '92, 1041.  
13 Q. I take it the same statement would be made about  
14 the 4-17 F?

15 A. Yes.  
16 Q. And the 22-8?  
17 A. That's right.  
18 Q. Are these numbers on here because you question  
19 the accuracy of them?  
20 A. The question is that, in my opinion, there's a  
21 discrepancy from the information that I got. And the  
22 payments that were made by Questar have some changes in  
23 Btu with no test to support it, as far as I did not  
24 receive or didn't see it or couldn't find it.  
25 Q. Where did you get the information for the chart

1 that you have here?  
2 A. This chart? From settlement.  
3 Q. Settlement statements?  
4 A. Yes.  
5 Q. Are those statements that Mr. Grynberg receives  
6 each month from Questar?  
7 A. That's right.  
8 Q. Then you're comparing the Btu information on the  
9 settlement statements with Btu information on other  
10 records?  
11 A. That's right.  
12 Q. What are the other records that you're relying  
13 on?  
14 A. This is an exhibit that I received from Questar.  
15 Q. Do you know what it's called?  
16 A. I don't know. It was a bunch of computer tables.  
17 Q. Do you have that document with you in this  
18 office?  
19 A. Yeah, I do have it.  
20 Q. At the break, if you could get that so we could  
21 look at it, I'd appreciate it.  
22 A. Okay.  
23 Q. At the bottom of the page are some notes about

24 the 22-8 well.  
25 A. Well, I just wanted to estimate what is the

1 difference, because it was clear to me that 988 is a wrong  
2 number, because the Btu is too low compared to the other  
3 wells in the area. And I wanted to get some kind of an  
4 estimate as to what are we talking in terms of dollars.  
5 So in 1990 I got the production for this 22-8 was  
6 104,803 mcf; '91 was 94,839; '92 it was 96,048, for a  
7 total of 296,320. And if we assume that the proper Btu is  
8 1015—so I took the difference and took the ratio, and  
9 assuming average price of \$2.00 per mcf and assuming again  
10 it's approximation of the working interest, 30 percent.  
11 And I got roughly \$6,000 the difference in the 22-8, that  
12 based on Btu differences we should receive additional  
13 \$6,000.  
14 Q. Have you prepared those kind of calculations for  
15 all the wells in the unit?  
16 A. No, because the 22-8 was an exceptional case.  
17 The rest I'm not going to argue. And we never got—or I  
18 haven't examined the actual analysis. And if it's 1040 or  
19 1041 or 1042, I didn't pay too much attention. There  
20 could be some variation in my opinion. But 988 was way  
21 too low.  
22 Q. Which wells then would you be testifying require  
23 an adjustment to the price?  
24 A. Primarily—as I said, I use only—this was kind  
25 of a preliminary examination, and I really did not go into

1 a lot of details. But my main purpose—I had double  
2 purpose. One, for the 22-8 it was clear that the Btu was  
3 wrong. In the others I'm not saying that the Btu was  
4 wrong. I'm saying that if Questar was not consistent with  
5 the contract that calls for every quarter to run a test,  
6 and I showed here that there was some missing information.  
7 Q. Which wells are you going to testify that Questar  
8 did not run a test as required by the contract?  
9 A. Well, one of them, for example, is 4-17. Because  
10 from the information I have, the last one I have there is  
11 December '87.  
12 Q. What other wells besides that?  
13 A. And then 4-17 Frontier, and the last test there  
14 is December 1990. And then there is some problem with the  
15 17-16 and the 1-28.  
16 Q. And the problem there is that the Btu—  
17 A. I cannot identify for Dakota, Frontier.  
18 Q. But it's possible that the numbers shown could  
19 apply to both?  
20 A. Well, according to the payment it doesn't.  
21 Q. Is that information on these notes?  
22 A. As you see on the table, we have a different Btu  
23 than what we show here, 1037. So there are two problems.  
24 Number one is, you have different values for Frontier and  
25 Dakota. And my question is where they got it from.  
1 Q. I don't see any entry on here for the 17-16 well.

2 A. Oh, I'm sorry. This is the 1-28, I mean, the  
3 1-28.  
4 Q. So the number shown above, the 1059?  
5 A. Yeah, 1059. And then as you can see, the payment  
6 was for 1067 for Dakota and 1066 for Frontier. What I am  
7 saying is, there is some kind of a problem with the  
8 numbers. The numbers, I agree, are relatively small. I  
9 won't say it's a major--  
10 Q. Do you have a list of the wells that you say  
11 Questar did not conduct tests for, other than the wells on  
12 this piece of paper?  
13 A. All what I did is--and as I said, it was a very  
14 preliminary communication--we asked for the Btu information  
15 from Questar. That's what we received, as I understand.  
16 And I looked at this information, and that's what I was  
17 able to find.  
18 Q. I just want to make sure I know which wells  
19 Mr. Grynberg was complaining about on this Btu issue. And  
20 I see the wells listed here.  
21 A. I can tell you what I did.  
22 Q. Okay.  
23 A. That's what I did.  
24 Q. When you testify at trial, are you going to be  
25 testifying about other wells than the ones listed on this

1 piece of paper?  
2 A. That's up to my lawyer.  
3 Q. Well, we're here to take your deposition as an  
4 expert witness, and your designation says that you will be  
5 giving an opinion on this Btu issue. So I'm here today to  
6 try and find out exactly what that opinion is.  
7 A. This is my information that I have.  
8 Q. Are you still doing work on this issue?  
9 A. I beg your pardon?  
10 Q. Are you still doing work on the Btu issue?  
11 A. Not at this moment.  
12 Q. Do you intend to?  
13 A. Unless I will be asked.  
14 Q. Do you have a damage calculation for the Btu  
15 issue?  
16 A. I didn't do that.  
17 Q. Has someone else done that?  
18 A. Possibly.  
19 Q. Do you know who it is?  
20 A. If I'm not mistaken, Marty O'Meara.  
21 Q. I see your calculation for the 22-8 well. From  
22 these notes, can you express an opinion or do you have an  
23 opinion about the damage calculation for any other wells?  
24 A. No. I didn't run, because I felt that the  
25 numbers are relatively small and inconsistent, and I

1 didn't make an attempt to run other ones.  
2 Q. I take it then that as of today your opinion on  
3 the damages for this issue was about \$6,000?  
4 A. I took the key, which I thought this was the  
5 largest number. And I didn't address anything else. And

6 I'm not going to, I think, testify to any damages in terms  
7 of those other ones. Only in terms of the method of  
8 testing and so forth.  
9 MR. SHEPHERD: Off the record.  
10 (Discussion held off record)  
11 Q. (By Mr. Shepherd) Mr. Ettinger, with  
12 Mr. Grynberg's answers to interrogatories submitted in  
13 September there were attached a number of schedules. One  
14 of the schedules is entitled, Btu Adjustment, and they  
15 bear Bates stamp numbers 204742 and 204743. Can you  
16 identify those documents?  
17 A. When you say identify, that means did I work on  
18 that or--I don't understand when you say identify.  
19 Q. Is this something you prepared?  
20 A. No.  
21 Q. Do you know who prepared it?  
22 A. Possibly Marty O'Meara.  
23 Q. Have you seen this document before?  
24 A. Before, very short time, something.  
25 Q. The next page has some calculations on it. Have

1 you seen that document before?  
2 A. No. Maybe in passing, but I didn't study it or  
3 anything like that. But it basically refers to same thing  
4 I'm talking about.

5 MR. SHEPHERD: Tom, yesterday Mr. Grynberg  
6 referred to a claim of about \$100,000 for the Btu issue.  
7 Or maybe I misheard him.

8 MR. TONER: I think you misunderstood.

9 MR. SHEPHERD: So the claim that we see here then  
10 is, under this table, about \$6800?

11 MR. TONER: That's what it is for this well.

12 MR. SHEPHERD: Are there other wells for which  
13 there is a claim?

14 MR. TONER: I don't know. Not that I'm aware of.

15 Q. (By Mr. Shepherd) Regarding your opinion on the  
16 take-or-pay issues in the case, what documents have you  
17 reviewed to form your opinion?

18 A. Primarily the contract.

19 Q. Anything else?

20 A. I would say that's primarily it.

21 Q. Have you reviewed Questar's settlement statements  
22 on production?

23 A. I looked at some, but I really did not study it,  
24 because I myself did not perform the actual calculations.

25 Q. What was your involvement in the take-or-pay

1 calculations?

2 A. I formulated the basic parameters, how the  
3 take-or-pay calculations should be performed.

4 Q. How do you do that?

5 A. By reviewing the contract and also looking at the  
6 production information and also data on the deliverability  
7 tests.

8 Q. Can you describe the basic parameters that you  
9 established for running the take-or-pay calculations?

Tab 7

FILED  
JAN 15 1994  
JAN 15 PM 3 44  
CLERK

DM C. TONER  
ONKEE & TONER  
O. BOX 6288  
MERIDAN, WYOMING 82801  
(307) 674-7451

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING

JESTAR PIPELINE COMPANY,	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
JACK J. GRYNBERG,	)	
ELESTE C. GRYNBERG,	)	
& R EXPLORATION VENTURE,	)	
	)	
Defendants.	)	No.92CV0265

---

AFFIDAVIT OF JACK J. GRYNBERG IN OPPOSITION  
TO QUESTAR'S MOTION IN LIMINE ON BTU CLAIM

---

Jack J. Grynberg, after first being duly sworn upon his oath,  
makes this affidavit and states the following:

1. My name is Jack J. Grynberg. My business address is 5000  
South Quebec Street, Suite 500, Denver, Colorado 80237-2707. I am  
a citizen of the United States and of the State of Colorado. The  
statements in this affidavit are based on personal knowledge and  
are true and correct.

2. In November of 1993, I received a report of a BTU measurement from Questar for September of 1993 which was 20 points higher on each well than the previous measurement. After receiving this report, I personally got involved in checking the BTU measurements from 1974 through the present, as well as looking for BTU measurements in 1961 when the Nitchie Gulch Field was discovered, and I found what appeared to be large discrepancies in reported BTU measurements on the settlement statements which Questar provided to us.

3. In early December of 1993, Alan Walker, the Director of Gas Acquisitions and Marketing of Mountain Fuel Supply Company, came to Denver and met with me in an attempt to settle this case. At that time, I showed him a copy of the BTU measurements reported by Questar together with a preliminary computation of damages. Mr. Walker agreed with me that there appeared to be a problem with the BTU measurements and promised to investigate it further.

4. On January 10, 1994, I travelled to Salt Lake City and met with Alan Walker and Mr. Don Cash, the President of Questar Corporation, in order to continue our settlement discussions. At that time, I gave Mr. Walker and Mr. Cash an updated set of computation of damages attributable to the BTU discrepancy and a detailed set of graphs for each well reporting the BTU measurements supplied by Questar Pipeline Company. I asked Mr. Walker and Mr.



Cash what we should do to resolve the BTU situation, and Mr. Cash asked Mr. Walker to look into it.

5. During the meeting on January 10, 1994 in Salt Lake City, I asked Mr. Walker if we could settle the BTU issue, if we could not settle it, should we litigate it in this case, and if we were not going to litigate it in this case, should we litigate the issue in another case. Mr. Walker told me that he would look into it and get back to me.

6. Mr. Walker later informed me that the 20 point differential in BTU measurement was attributable to Questar switching from a wet to a dry basis of measuring BTU.

7. While this explained the jump in BTU measurement which was shown on the reports, there were still problems with gas produced from wells being shown as having the same BTU content for long periods of time and problems with wells producing from two separate formations being listed as having the same BTU content before the gas streams from those two separate formations were commingled, and there were problems with the BTU readings being scattered in a random fashion on several of the wells.

8. On January 21, 1994, I mailed to Mr. Walker our damage calculations which were based upon a BTU adjustment using the highest amount the well ever measured for wet gas for each well. A copy of my cover letter is attached as Exhibit 1. At the same

time I sent the damage calculations to Mr. John Shepherd of Holland & Hart.

9. Attached as Exhibit No. 2 is a copy of a letter I wrote to Alan Walker on January 25, 1994 in which we prepared a second scenario for the BTU corrections as recommended by Robert Oxford, a Professional Engineer and Consultant.

10. In a continuing effort to resolve this matter, I asked Mr. Robert Oxford to meet with Mr. Walker. On February 9, 1994, Mr. Oxford met with Mr. Walker to review the BTU situation and at that time, Mr. Oxford presented to Mr. Walker our proposal to adjust the BTU measurements because of the discrepancies which I believed existed in the report. At that time, Mr. Walker was provided with calculations concerning the proposed adjustments.

11. On Friday morning, February 11, 1994, Alan Walker called me and told me that at the present time, Questar was not prepared to settle the BTU damage claim. I asked him what we should do next and he told me that Questar had decided to litigate the BTU damages in this case and not in any other case.

12. After receiving this notice from Mr. Walker, I prepared updated damage calculations and sent those to Mr. Walker as well as to Mr. Shepherd. A copy of my letter with the attached damage calculations is attached as Exhibit 3.

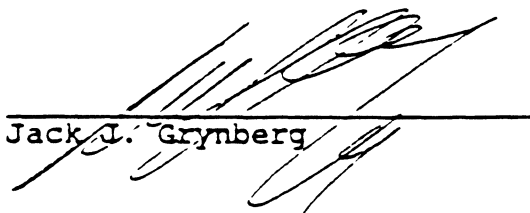
13. After February 15, 1994, I discovered a BTU measurement for the No. 1 Anderson Government well which showed the initial BTU content of that well when it was originally drilled. Based upon that discovery and after consulting with other professional engineers, I revised the BTU damage calculations, and I sent a copy of those damage calculations as well as the graphs of the BTU measurements reported by Questar to Mr. Walker. A copy of the cover letter dated February 17, 1994 transmitting these documents is attached as Exhibit 4.

14. On February 24, 1994, Mr. Donald Schultz took my deposition, the deposition of Richard Veghte, and the deposition of Dr. Robert Lee, a Professor of Petroleum Engineering at New Mexico Institute of Mining and Technology and one of the authors of the text Natural Gas Engineering which has been referred to in other hearings before the court. These depositions were on the issue of the claim of the right to a BTU adjustment and the amount of that adjustment.

15. At that time, exhibits showing the BTU adjustments and calculations and the graphs of BTU measurements on the wells in question were marked as exhibits as well as Dr. Lee's calculations

for the BTU content of the Dakota Formation and gas analysis reports.

DATED this 25th day of February, 1994.

  
\_\_\_\_\_  
Jack J. Grynberg

Subscribed and sworn to before me this 25th day of February, 1994, by Jack J. Grynberg.

  
\_\_\_\_\_  
Linda L. Magnuson  
Notary Public

My Commission Expires March 13, 1994

CERTIFICATE OF SERVICE

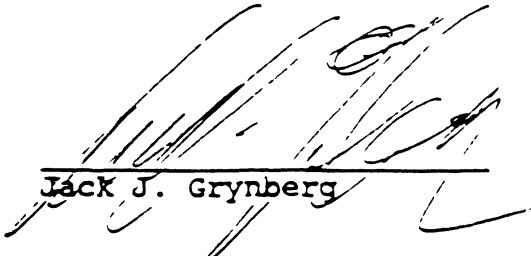
I hereby certify that on the 25th day of February, 1994, I caused the foregoing to be served on the other parties by:

depositing a copy of the same in the United States mail, postage prepaid, at Denver, Colorado, and duly addressed to:

Donald I. Schultz  
Holland & Hart  
2020 Carey Avenue, Suite 500  
Cheyenne, Wyoming 82002

and by hand delivering a copy of the same to:

John F. Shepherd  
Holland & Hart  
555 Seventeenth Street, Suite 2900  
P.O. Box 8749  
Denver, Colorado 80201

  
\_\_\_\_\_  
Jack J. Grynberg

**GRYNBERG PRODUCTION CORPORATION**

5000 SOUTH QUESEC • SUITE 500 • DENVER, COLORADO 80237 2707 USA • PHONE 303-850-7490

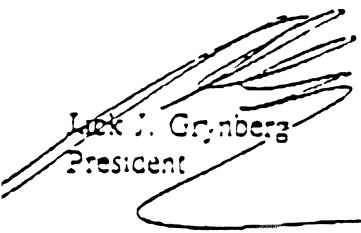
TELEX: 510 600 2180 ENERGY DVR  
FAX: 303-850-7498

January 21, 1994

Mr. Alan Walker  
Mountain Fuel Supply Company  
141 East First South  
Salt Lake City, UT 84147-0865

Further to the BTU correction, attached please find damage computations for the BTU adjustment using the highest amount the well ever measured for wet gas for each well.

Very truly yours,

  
Jack J. Grynberg  
President

JG:mm  
enclosure

cc: Bob Oxford  
Tom Toner, Esq.

EXHIBIT

1684

**GRYNBERG PETROLEUM COMPANY**

5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237-2707 USA • PHONE 303-850-7490

TELEX: 510 600 2180 ENERGY OVR  
TELECOPIER: 303-850-7498

January 25, 1994

*File  
Quay*

Mr. Alan J. Walker  
Mountain Fuel Supply Company  
141 East First South  
P. O. Box 11865  
Salt Lake City, UT 84147-0865

Dear Alan:

Here is the second scenario, as recommended by Bob Oxford, for your analysis on the BTU corrections.

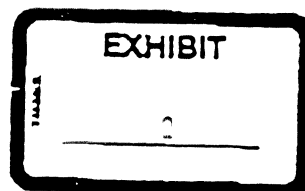
Sincerely yours,

Jack J. Grynberg

CC: Mr. Tom Toner  
Mr. Bob Oxford, Industrial Gas Services  
Mr. John Shepherd, Holland & Hart

encl: 1

JJG/kdp



1685

GRYNBERG PETROLEUM COMPANY

5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237-2707, USA • PHONE 303-850-7490

FAX 303-850-7498

TELEX 510600/2180 ENERGY DNR

February 15, 1994

Mr. Alan J. Walker, Director  
Gas Acquisition and Marketing  
Mountain Fuel  
P.O. Box 11865  
Salt Lake City, Utah 84147-0865

Dear Alan:

Attached please find the same summation that we did for you on the corrected BTU damages in our forthcoming lawsuit.

For some reason or other, we left out the 5-19 well, which has now been corrected, making it a difference of approximately \$10,000.

Because Tom Toner is ill, I am taking the liberty of sending a copy of these computations directly to John Shepherd.

Very truly yours,

GRYNBERG PETROLEUM COMPANY

Jack J. Grynberg  
President

Attachment

cc: ✓ Tom Toner, Esq.  
Bob Oxford  
John Shepherd, Esq.

JJG/lv

EXHIBIT

3

1686



**QUESTAR PIPELINE COMPANY**  
**VS.**  
**JACK J. GRYNBERG, CELESTE C. GRYNBERG, and L. R. EXPLORATION VENTURE**

**NITCHE GUICH BTU ADJUSTMENT**  
**CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY**

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR CONTRIBUTING TO GAIN	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR CONTRIBUTING TO GAIN	DIFFERENCE IN THE AMOUNT OWED FOR CONTRIBUTING TO GAIN	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR CONTRIBUTING TO GAIN	DIFFERENCE IN THE AMOUNT OWED FOR CONTRIBUTING TO GAIN	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR CONTRIBUTING TO GAIN
1993 \$1,000,000	of a SHARE	of a SHARE	of a SHARE	of a SHARE	of a SHARE	of a SHARE	of a SHARE	of a SHARE	of a SHARE
\$2,596	\$1,105,410.27	\$668,836.32	\$1,774,246.59	\$29,423.68	\$91,543.42	\$120,972.10	\$1,134,834.05	\$760,384.74	\$1,895,218.79
\$2,800	\$1,105,900.85	\$668,858.02	\$1,774,758.87	\$31,748.09	\$91,697.15	\$123,445.24	\$1,137,848.94	\$760,555.17	\$1,898,404.11
\$3,217	\$1,106,561.21	\$668,887.23	\$1,775,448.44	\$36,410.53	\$91,970.09	\$128,400.62	\$1,142,991.74	\$760,857.32	\$1,903,849.06
\$3,840	\$1,108,369.31	\$668,968.11	\$1,777,337.42	\$43,540.24	\$92,451.74	\$135,991.98	\$1,151,929.55	\$761,419.85	\$1,913,349.40
\$4,800	\$1,110,886.48	\$669,069.74	\$1,779,956.22	\$54,425.30	\$93,148.30	\$147,573.60	\$1,165,111.76	\$762,218.04	\$1,927,329.80

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
 All BTU values are "wet" determinations.

1291

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$2.595/MMBTU is used for the Nitche Gulch #21-21 and #22 B wells beginning 5/10/91 and for all other wells beginning 1/1/93

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
All BTU values are "wet" determinations.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Rogers Federal #20-12	\$18,139.45	\$1,229.08	\$21,368.53	\$454.70	\$1,495.11	\$19,499.81	\$18,594.15	\$4,724.19	\$23,318.35
Rogers Federal #1-12	\$141,994.53	\$103,120.88	\$245,121.41	\$1,633.70	\$11,626.13	\$143,159.83	\$143,528.23	\$114,753.01	\$258,281.24
Nitche Gulch #1-17	\$21,619.50	\$7,394.72	\$29,014.22	\$2,649.06	\$1,875.29	\$11,524.35	\$24,328.56	\$9,270.01	\$33,598.57
Nitche Gulch #2-20D	\$11,821.68	\$8,656.99	\$20,478.68	\$0.00	\$901.28	\$901.28	\$11,821.68	\$9,618.28	\$21,439.86
Nitche Gulch #2-20F	\$22,036.51	\$21,798.57	\$43,835.08	\$0.00	\$1,791.90	\$1,791.90	\$22,036.51	\$23,590.47	\$45,626.52
Nitche Gulch #3-21	\$578.73	\$143.63	\$723.36	\$168.18	\$55.55	\$221.73	\$745.91	\$199.18	\$945.09
Nitche Gulch #4-17D	\$37,306.62	\$17,984.76	\$55,290.39	\$296.57	\$3,049.77	\$3,346.34	\$37,602.19	\$21,034.53	\$58,636.73
Nitche Gulch #4-17F	\$54,725.02	\$46,493.32	\$101,218.34	\$704.75	\$4,486.30	\$5,191.05	\$55,429.77	\$50,979.62	\$106,409.39
Nitche Gulch #5-19	\$4,832.53	\$4,740.18	\$9,572.71	\$0.00	\$392.96	\$392.96	\$4,832.53	\$5,133.13	\$9,965.66
Nitche Gulch #6-7	\$155,835.53	\$122,323.69	\$278,259.22	\$2,225.03	\$12,784.73	\$15,009.76	\$158,160.56	\$135,108.42	\$293,268.98
Nitche Gulch #7-8	\$176,520.37	\$128,800.84	\$303,321.21	\$5,792.68	\$14,607.89	\$20,400.55	\$182,313.03	\$141,408.73	\$323,721.76
Nitche Gulch #8-18	\$184,701.78	\$110,854.18	\$295,555.94	\$5,867.64	\$15,288.67	\$21,156.31	\$190,569.42	\$128,142.83	\$318,712.25
Nitche Gulch #11-9	\$11,677.07	\$8,978.88	\$20,655.93	\$24.18	\$950.46	\$974.65	\$11,701.25	\$9,929.33	\$21,630.58
Nitche Gulch #12-18	\$34,962.01	\$10,046.92	\$51,008.94	\$370.55	\$2,859.92	\$3,230.47	\$35,332.56	\$18,906.84	\$54,239.41
Nitche Gulch #13-20	\$44,943.19	\$18,333.47	\$63,276.66	\$569.55	\$3,683.43	\$4,252.99	\$45,512.74	\$22,016.90	\$67,529.64
Nitche Gulch #14-7	\$33,941.78	\$6,140.88	\$40,082.68	\$3,180.33	\$2,903.48	\$6,083.81	\$37,122.10	\$9,044.37	\$46,166.47
Nitche Gulch #15-8X	\$3,614.45	\$1,093.14	\$4,707.58	\$122.50	\$299.43	\$421.93	\$3,736.95	\$1,392.57	\$5,129.51
Nitche Gulch #16-28D	\$15,554.79	\$3,967.47	\$19,522.25	\$438.70	\$1,592.70	\$2,031.40	\$15,993.49	\$5,560.17	\$21,553.65

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU VS REPORTED BTU DAMAGE SUMMARY

\$2.595/MMBTU is used for the Nitche Gulch #21-21 and #22-8 wells beginning 5/16/91 and for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1994.  
All BTU values are "wet" determinations.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SAMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SAMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SAMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Nitche Gulch #18-28F	\$14,095.72	\$3,702.29	\$17,798.01	\$957.21	\$1,190.93	\$2,148.14	\$15,052.93	\$4,893.23	\$19,946.16
Nitche Gulch #17-16D	\$10,381.05	\$4,678.01	\$20,960.06	\$315.41	\$1,348.24	\$1,663.66	\$10,696.46	\$5,925.25	\$22,621.71
Nitche Gulch #17-16F	\$7,829.99	\$2,373.82	\$10,003.80	\$40.30	\$822.25	\$862.55	\$7,670.28	\$2,996.06	\$10,666.35
Nitche Gulch #18-29	\$6,423.35	\$529.05	\$7,352.39	\$790.82	\$559.35	\$1,350.17	\$7,214.18	\$1,488.40	\$8,702.57
Nitche Gulch #19-7	\$11,205.38	\$2,036.40	\$13,241.78	\$627.21	\$949.18	\$1,566.39	\$11,832.57	\$2,975.58	\$14,808.14
Nitche Gulch #20-19	\$9,375.63	\$1,700.56	\$11,076.18	\$348.53	\$779.69	\$1,128.22	\$9,724.15	\$2,480.25	\$12,204.40
Nitche Gulch #21-21F	\$2,282.23	\$271.86	\$2,554.09	\$87.62	\$108.48	\$276.10	\$2,369.85	\$460.35	\$2,830.19
Nitche Gulch #21-21D	\$9,405.02	\$1,191.86	\$10,596.88	\$300.67	\$774.73	\$1,075.40	\$9,705.69	\$1,968.59	\$11,674.28
Nitche Gulch #22-8	\$6,223.52	\$609.86	\$6,833.38	\$453.92	\$533.54	\$987.46	\$6,677.44	\$1,143.40	\$7,820.84
Federal 1-28D	\$798.41	\$85.79	\$884.19	\$153.04	\$70.78	\$223.82	\$849.45	\$156.57	\$1,006.02
Federal 1-28F	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gov't Anderson #1-8	\$6,144.19	\$4,947.21	\$11,091.40	\$51.45	\$501.64	\$553.09	\$6,195.64	\$5,449.05	\$11,644.69
Jamison #A-1	\$16,300.32	\$12,556.75	\$28,957.07	\$60.53	\$1,327.85	\$1,388.38	\$16,360.85	\$13,984.60	\$30,345.45
N Nitche Gulch #2-6	\$20,840.80	\$5,209.64	\$26,050.50	\$555.88	\$1,721.37	\$2,277.25	\$21,398.74	\$6,931.01	\$28,327.75
N Nitche Gulch #20-8	\$1,118.85	\$207.58	\$1,326.42	\$41.78	\$95.35	\$137.13	\$1,160.63	\$302.92	\$1,463.55
N Nitche Gulch #30-6	\$2,222.36	\$227.09	\$2,449.44	\$243.22	\$191.80	\$435.02	\$2,485.57	\$418.89	\$2,904.46
Totals	\$1,105,410.37	\$668,836.32	\$1,774,246.70	\$29,423.68	\$91,548.42	\$120,972.10	\$1,134,834.05	\$760,384.74	\$1,895,218.79

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$2 800/MMBTU is used for the Nitche Gulch #21-21 and #22-8 wells beginning 5/18/91 and for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
All BTU values are "wet" determinations.

	PRE - 1/1/91			POST - 1/1/92			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Rogers Federal #20-12	\$18,139.41	\$1,229.08	\$21,368.51	\$490.62	\$1,496.75	\$1,987.37	\$18,630.07	\$4,725.83	\$23,355.91
Rogers Federal #1-12	\$141,094.51	\$103,126.88	\$245,121.41	\$1,054.86	\$11,632.54	\$11,287.40	\$143,649.39	\$114,759.42	\$258,408.81
Nitche Gulch #1-17	\$21,079.50	\$7,394.72	\$29,074.22	\$2,858.34	\$1,884.21	\$1,742.55	\$24,537.83	\$9,278.93	\$33,816.77
Nitche Gulch #2-20D	\$11,821.00	\$8,058.99	\$20,478.68	\$0.00	\$961.28	\$961.28	\$11,821.68	\$9,618.28	\$21,439.96
Nitche Gulch #2-20F	\$22,036.51	\$21,798.57	\$43,835.08	\$0.00	\$1,791.90	\$1,791.90	\$22,036.51	\$23,590.47	\$45,626.98
Nitche Gulch #3-21	\$579.73	\$143.63	\$723.36	\$179.30	\$56.22	\$235.53	\$759.04	\$199.86	\$958.89
Nitche Gulch #4-17D	\$37,305.62	\$17,984.70	\$55,290.39	\$320.00	\$3,051.13	\$1,371.12	\$37,625.62	\$21,035.89	\$58,661.51
Nitche Gulch #4-17F	\$54,725.02	\$46,493.32	\$101,218.34	\$760.42	\$4,489.30	\$3,249.72	\$55,485.44	\$50,982.62	\$106,468.06
Nitche Gulch #5-19	\$4,832.53	\$4,740.15	\$9,572.71	\$0.00	\$392.90	\$392.90	\$4,832.53	\$5,133.13	\$9,865.66
Nitche Gulch #6-7	\$155,935.53	\$122,323.69	\$278,259.22	\$2,400.60	\$12,793.07	\$15,193.67	\$158,336.34	\$135,116.76	\$293,453.09
Nitche Gulch #7-8	\$176,520.37	\$126,800.84	\$303,321.21	\$6,250.26	\$14,628.08	\$20,878.34	\$182,770.84	\$141,428.91	\$324,199.55
Nitche Gulch #8-18	\$184,701.78	\$110,854.16	\$295,555.94	\$8,331.17	\$15,310.58	\$21,641.75	\$191,032.95	\$128,164.75	\$319,197.70
Nitche Gulch #11-9	\$11,877.07	\$8,978.86	\$20,655.93	\$28.09	\$950.54	\$976.63	\$11,703.10	\$9,929.40	\$21,632.56
Nitche Gulch #12-18	\$34,362.01	\$18,046.92	\$51,008.94	\$399.82	\$2,861.28	\$5,261.11	\$35,361.84	\$18,908.21	\$54,270.04
Nitche Gulch #13-20	\$44,943.19	\$18,333.47	\$63,276.66	\$614.55	\$3,665.76	\$4,300.30	\$45,557.74	\$22,019.22	\$67,576.98
Nitche Gulch #14-7	\$33,941.78	\$8,140.88	\$40,082.66	\$3,431.57	\$2,914.98	\$6,346.55	\$37,373.34	\$9,055.86	\$46,429.20
Nitche Gulch #15-8X	\$3,614.45	\$1,093.14	\$4,707.58	\$132.18	\$299.87	\$432.05	\$3,746.62	\$1,393.01	\$5,139.63
Nitche Gulch #16-28D	\$15,554.79	\$3,967.47	\$19,522.25	\$473.35	\$1,594.71	\$2,068.07	\$16,028.14	\$5,562.18	\$21,590.32

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$2 800/TAMBTU is used for the Nitche Gulch #21-21 and #22 8 wells beginning 5/16/91 and for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
All BTU values are "net" determinations.

	PRE - 1/1/92			POST - 1/1/92			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Nitche Gulch #18 28F	\$14,095.72	\$3,702.20	\$17,798.01	\$1,032.93	\$1,194.53	\$2,227.36	\$15,128.55	\$4,896.82	\$20,025.37
Nitche Gulch #17 16D	\$16,381.05	\$4,579.01	\$20,960.06	\$340.33	\$1,347.38	\$1,687.71	\$16,721.38	\$5,920.39	\$22,641.77
Nitche Gulch #17 16I	\$7,629.83	\$2,373.82	\$10,003.80	\$43.48	\$822.39	\$865.88	\$7,673.47	\$2,996.21	\$10,669.68
Nitche Gulch #18 29	\$8,423.35	\$929.05	\$9,352.39	\$853.29	\$562.32	\$1,415.61	\$7,278.84	\$1,491.37	\$8,768.60
Nitche Gulch #19 7	\$11,205.36	\$2,030.40	\$13,241.76	\$676.78	\$941.42	\$1,618.17	\$11,882.11	\$2,977.82	\$14,859.93
Nitche Gulch #20 18	\$9,375.61	\$1,700.56	\$11,076.18	\$378.08	\$781.09	\$1,159.15	\$9,751.68	\$2,481.84	\$12,233.33
Nitche Gulch #21 21F	\$2,332.40	\$273.69	\$2,606.15	\$94.54	\$192.60	\$287.34	\$2,427.00	\$468.48	\$2,895.48
Nitche Gulch #21 21D	\$9,604.60	\$1,200.43	\$10,805.11	\$324.43	\$791.75	\$1,116.18	\$9,929.11	\$1,992.18	\$11,921.29
Nitche Gulch #22 8	\$8,484.10	\$621.17	\$9,105.27	\$489.77	\$555.28	\$1,045.05	\$8,953.88	\$1,176.45	\$10,130.32
Federal 1-28D	\$798.41	\$85.79	\$882.19	\$165.13	\$71.27	\$236.40	\$961.54	\$157.05	\$1,118.59
Federal 1-28F	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gov't Anderson #1 6	\$8,144.19	\$4,547.21	\$11,091.40	\$55.51	\$502.02	\$557.53	\$8,199.70	\$5,449.23	\$11,648.93
Jamieson #A 1	\$16,300.32	\$12,656.75	\$28,957.07	\$65.31	\$1,328.04	\$1,393.36	\$16,365.64	\$13,984.79	\$30,350.42
N Nitche Gulch #2 8	\$20,840.86	\$5,209.84	\$26,050.50	\$599.79	\$1,723.52	\$2,323.32	\$21,440.65	\$6,933.16	\$28,373.82
N Nitche Gulch #20 6	\$1,118.85	\$207.58	\$1,326.42	\$45.08	\$95.50	\$140.58	\$1,163.93	\$303.08	\$1,467.01
N Nitche Gulch #30 6	\$2,227.36	\$227.09	\$2,454.44	\$267.33	\$192.69	\$459.12	\$2,389.79	\$318.78	\$2,708.57
Totals	\$1,105,900.87	\$668,658.02	\$1,774,558.86	\$31,748.09	\$91,697.15	\$12,445.25	\$1,137,638.94	\$700,555.17	\$1,838,204.11

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$3.076/MMBTU is used for the Nitche Gulch #21-21 and #22 B wells beginning 5/16/91 and  
\$3.217/MMBTU for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well  
was used to correct the reported BTU values from July 1974 through June 1984. The greatest  
BTU value from first production through October 1993 was used to correct the reported BTU  
values from July 1984 through October 1993.  
All BTU values are "wet" determinations.

	PRE: 1/1/93			POST: 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SHARE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SHARE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SHARE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Rogers Federal #20-12	\$18,139.45	\$3,229.08	\$21,368.53	\$563.69	\$1,500.09	\$2,063.78	\$18,703.14	\$4,729.17	\$23,432.3
Rogers Federal #1-12	\$141,594.51	\$103,120.88	\$244,715.41	\$1,901.31	\$11,845.57	\$13,746.88	\$143,495.84	\$114,772.45	\$258,268.3
Nitche Gulch #1-17	\$21,679.50	\$7,594.72	\$29,274.22	\$3,284.02	\$1,902.36	\$5,186.38	\$24,963.52	\$9,297.08	\$34,260.6
Nitche Gulch #2-20D	\$11,821.68	\$8,656.99	\$20,478.68	\$0.00	\$961.28	\$961.28	\$11,821.68	\$9,618.28	\$21,439.9
Nitche Gulch #2-20F	\$22,038.51	\$21,793.57	\$43,832.08	\$0.00	\$1,791.90	\$1,791.90	\$22,038.51	\$23,590.47	\$45,628.9
Nitche Gulch #3-21	\$578.73	\$143.63	\$722.36	\$206.01	\$57.59	\$263.60	\$785.74	\$201.22	\$986.96
Nitche Gulch #4-17D	\$37,305.62	\$17,984.78	\$55,290.39	\$367.65	\$3,053.88	\$3,421.54	\$37,673.28	\$21,038.64	\$58,711.9
Nitche Gulch #4-17F	\$54,725.02	\$46,493.32	\$101,218.34	\$873.67	\$4,495.38	\$5,369.05	\$55,598.69	\$50,988.70	\$106,587.39
Nitche Gulch #5-19	\$4,832.53	\$4,740.18	\$9,572.71	\$0.00	\$392.96	\$392.96	\$4,832.53	\$5,133.13	\$9,965.66
Nitche Gulch #6-7	\$155,935.53	\$122,323.69	\$278,259.22	\$2,758.35	\$12,810.03	\$15,568.39	\$158,693.89	\$135,133.72	\$293,827.61
Nitche Gulch #7-8	\$176,520.37	\$128,800.84	\$305,321.21	\$7,181.11	\$14,689.14	\$21,870.25	\$183,701.48	\$141,469.98	\$325,171.46
Nitche Gulch #8-18	\$184,701.78	\$110,854.18	\$295,555.94	\$7,274.08	\$15,355.18	\$22,629.22	\$191,975.84	\$126,209.32	\$318,185.17
Nitche Gulch #11-9	\$11,077.07	\$8,978.86	\$20,055.93	\$29.88	\$950.69	\$980.57	\$11,707.05	\$9,929.55	\$21,636.60
Nitche Gulch #12-18	\$34,962.01	\$16,046.92	\$51,008.94	\$459.37	\$2,864.00	\$3,323.37	\$35,421.38	\$18,910.88	\$54,332.26
Nitche Gulch #13-20	\$44,943.18	\$18,333.47	\$63,276.66	\$706.07	\$3,690.48	\$4,396.55	\$45,649.28	\$22,023.95	\$67,673.23
Nitche Gulch #14-7	\$33,541.78	\$8,140.88	\$41,682.66	\$3,942.62	\$2,938.36	\$6,880.99	\$37,884.40	\$9,079.25	\$46,963.64
Nitche Gulch #15-8X	\$3,614.45	\$1,093.14	\$4,707.58	\$151.85	\$300.77	\$452.63	\$3,766.31	\$1,393.91	\$5,160.22
Nitche Gulch #16-28D	\$15,554.79	\$3,967.47	\$19,522.25	\$543.85	\$1,598.80	\$2,142.65	\$16,098.64	\$5,566.27	\$21,664.91

1642

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$3.076/MMBTU is used for the Nitche Gulch #21-23 and #22-B wells beginning 5/16/91 and \$3.21/MMBTU for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
All BTU values are "wet" determinations.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SAMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SAMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SAMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Nitche Gulch #10-28F	\$14,095.72	\$3,702.29	\$17,798.01	\$1,186.65	\$1,701.85	\$2,888.50	\$15,282.37	\$4,904.14	\$20,186.51
Nitche Gulch #17-10D	\$16,381.05	\$4,579.01	\$20,960.06	\$391.02	\$1,349.69	\$1,740.70	\$16,772.07	\$5,928.69	\$22,700.76
Nitche Gulch #17-10F	\$7,629.99	\$2,173.82	\$10,003.80	\$49.96	\$622.69	\$672.65	\$7,679.94	\$2,996.50	\$10,676.45
Nitche Gulch #18-28	\$6,423.35	\$929.05	\$7,352.39	\$980.37	\$568.35	\$1,548.72	\$7,403.72	\$1,497.40	\$8,901.11
Nitche Gulch #19-7	\$11,205.36	\$2,036.40	\$13,241.76	\$777.54	\$945.97	\$1,723.52	\$11,982.90	\$2,982.37	\$14,965.27
Nitche Gulch #20-18	\$8,375.63	\$1,700.58	\$11,076.18	\$132.07	\$783.92	\$1,215.99	\$9,807.69	\$2,484.48	\$12,292.17
Nitche Gulch #21-21F	\$2,400.09	\$278.14	\$2,678.23	\$103.86	\$198.60	\$302.46	\$2,503.95	\$474.74	\$2,978.70
Nitche Gulch #21-21D	\$9,873.50	\$1,211.96	\$11,085.46	\$356.41	\$814.67	\$1,171.08	\$10,229.91	\$2,026.63	\$12,256.54
Nitche Gulch #22-B	\$6,788.02	\$638.39	\$7,424.41	\$538.05	\$584.54	\$1,122.59	\$7,326.07	\$1,220.93	\$8,547.00
Federal 1-28D	\$798.41	\$85.79	\$882.19	\$189.72	\$72.25	\$261.98	\$988.13	\$154.04	\$1,142.17
Federal 1-28F	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gov T Anderson #1-6	\$8,144.19	\$4,547.21	\$11,091.40	\$83.78	\$502.38	\$586.16	\$8,207.97	\$5,449.59	\$11,657.56
Jamieson #A-1	\$18,300.32	\$12,658.75	\$28,957.07	\$75.04	\$1,328.43	\$1,403.47	\$18,375.36	\$13,985.18	\$30,360.54
N Nitche Gulch #2-B	\$20,840.86	\$5,209.64	\$28,050.50	\$689.12	\$1,727.90	\$2,417.02	\$21,529.98	\$6,937.65	\$28,467.63
N Nitche Gulch #20-B	\$1,118.85	\$207.58	\$1,326.42	\$51.80	\$95.82	\$147.61	\$1,170.64	\$303.39	\$1,474.03
N Nitche Gulch #30-B	\$2,222.38	\$227.09	\$2,449.44	\$301.51	\$154.51	\$456.02	\$2,523.87	\$421.60	\$2,945.47
<b>Total</b>	<b>\$1,106,581.21</b>	<b>\$688,887.23</b>	<b>\$1,775,448.44</b>	<b>\$36,430.53</b>	<b>\$91,970.08</b>	<b>\$128,400.62</b>	<b>\$1,142,991.74</b>	<b>\$760,857.32</b>	<b>\$1,903,849.06</b>

1693

# NITCHIE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$3.840/MMBTU is used for the Nitchie Gulch #21-21 and #22-8 wells beginning 5/16/91 and for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 15/74 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993. All BTU values are "wet" determinations.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Rogers Federal #20-12	\$18,179.45	\$3,229.08	\$21,368.53	\$672.85	\$1,505.07	\$2,177.93	\$18,812.30	\$4,734.15	\$23,546.46
Rogers Federal #1-12	\$141,994.63	\$103,126.88	\$245,121.41	\$2,269.52	\$11,665.04	\$11,934.56	\$144,264.05	\$114,791.93	\$259,055.97
Nitchie Gulch #1-17	\$21,679.50	\$7,394.72	\$29,074.22	\$3,920.00	\$1,929.48	\$5,849.48	\$25,599.50	\$9,324.20	\$34,923.70
Nitchie Gulch #2-20D	\$11,821.68	\$8,656.99	\$20,478.68	\$0.00	\$981.28	\$981.28	\$11,821.68	\$9,618.28	\$21,439.96
Nitchie Gulch #2-20F	\$22,036.51	\$21,798.57	\$43,835.08	\$0.00	\$1,791.90	\$1,791.90	\$22,036.51	\$23,590.47	\$45,626.98
Nitchie Gulch #3-21	\$579.73	\$143.63	\$723.36	\$245.90	\$59.63	\$305.53	\$825.63	\$203.26	\$1,028.90
Nitchie Gulch #4-17D	\$37,305.62	\$17,884.78	\$55,290.39	\$438.85	\$3,058.00	\$3,496.85	\$37,744.48	\$21,042.78	\$58,787.24
Nitchie Gulch #4-17F	\$54,725.02	\$48,453.32	\$103,178.34	\$1,042.88	\$4,504.47	\$5,547.33	\$55,767.88	\$50,997.79	\$106,765.67
Nitchie Gulch #5-19	\$4,832.53	\$4,740.18	\$9,572.71	\$0.00	\$392.96	\$392.96	\$4,832.53	\$5,133.13	\$9,965.66
Nitchie Gulch #6-7	\$155,935.53	\$122,323.69	\$278,259.22	\$3,292.53	\$12,835.38	\$16,127.91	\$159,228.07	\$135,159.07	\$294,387.13
Nitchie Gulch #7-8	\$176,520.37	\$126,800.84	\$303,321.21	\$8,571.79	\$14,730.49	\$23,302.28	\$185,092.17	\$141,531.32	\$326,623.49
Nitchie Gulch #8-18	\$184,701.78	\$110,854.16	\$295,555.94	\$8,682.75	\$15,421.76	\$24,104.51	\$193,364.53	\$126,275.92	\$319,640.45
Nitchie Gulch #11-9	\$11,677.07	\$8,978.86	\$20,655.93	\$35.79	\$950.92	\$986.70	\$11,712.85	\$9,929.78	\$21,642.63
Nitchie Gulch #12-18	\$34,962.01	\$16,048.92	\$51,008.54	\$548.33	\$2,668.20	\$3,216.53	\$35,510.34	\$18,915.12	\$54,425.47
Nitchie Gulch #13-20	\$44,943.19	\$18,333.47	\$63,276.66	\$842.81	\$3,697.55	\$4,540.35	\$45,786.00	\$22,031.01	\$67,817.01
Nitchie Gulch #14-7	\$33,941.78	\$6,140.88	\$40,082.66	\$4,706.15	\$2,973.30	\$7,679.45	\$38,647.92	\$9,114.18	\$47,762.10
Nitchie Gulch #15-8X	\$3,814.45	\$1,093.14	\$4,907.58	\$181.27	\$302.11	\$483.38	\$3,795.72	\$1,395.25	\$5,190.97
Nitchie Gulch #16-28D	\$15,554.78	\$3,987.47	\$19,542.25	\$649.17	\$1,604.92	\$2,254.09	\$16,203.98	\$5,572.39	\$21,776.34

1694



# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$3 840/MMBTU is used for the Nitche Gulch #21-21 and #22 8 wells beginning 5/16/91 and for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
All BTU values are "wet" determinations.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Nitche Gulch #16 2HF	\$14,095.72	\$1,702.29	\$17,798.01	\$1,416.45	\$1,212.78	\$2,629.24	\$15,512.17	\$4,915.08	\$20,427.25
Nitche Gulch #17 16F	\$16,181.05	\$4,579.01	\$20,800.06	\$466.74	\$1,353.13	\$1,819.88	\$16,847.79	\$5,932.14	\$22,779.93
Nitche Gulch #17 16F	\$7,029.99	\$2,373.82	\$10,003.80	\$49.63	\$823.13	\$872.76	\$7,689.62	\$2,998.94	\$10,688.56
Nitche Gulch #18 29	\$8,423.35	\$929.05	\$9,352.39	\$1,170.23	\$577.36	\$1,747.58	\$7,593.57	\$1,508.40	\$9,099.98
Nitche Gulch #19 7	\$11,205.36	\$2,036.40	\$13,241.76	\$928.12	\$952.77	\$1,880.89	\$12,133.48	\$2,889.17	\$15,122.65
Nitche Gulch #20 19	\$9,375.63	\$1,700.56	\$11,076.18	\$515.74	\$788.10	\$1,303.90	\$9,891.37	\$2,488.72	\$12,380.08
Nitche Gulch #21 21F	\$2,587.32	\$282.93	\$2,870.25	\$129.88	\$214.68	\$344.14	\$2,718.98	\$497.82	\$3,214.59
Nitche Gulch #21 21D	\$10,617.68	\$1,243.90	\$11,861.58	\$444.93	\$878.12	\$1,323.05	\$11,062.61	\$2,122.02	\$13,184.63
Nitche Gulch #22 8	\$7,684.70	\$678.54	\$8,363.24	\$671.69	\$665.54	\$1,337.23	\$8,356.39	\$1,344.08	\$9,700.47
Federal 1 28D	\$796.41	\$85.79	\$882.19	\$226.40	\$73.73	\$300.19	\$1,022.87	\$159.51	\$1,182.38
Federal 1 28F	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gov't Anderson #1 8	\$6,144.19	\$4,947.21	\$11,091.40	\$76.13	\$502.91	\$579.05	\$6,220.32	\$5,450.12	\$11,670.44
Jamieson #A-1	\$16,300.32	\$12,656.75	\$28,957.07	\$89.57	\$1,329.02	\$1,418.59	\$16,389.89	\$13,985.78	\$30,375.66
N Nitche Gulch #2 8	\$20,840.86	\$5,209.64	\$26,050.50	\$822.57	\$1,734.45	\$2,557.02	\$21,663.43	\$6,944.09	\$28,607.52
N Nitche Gulch #20 8	\$1,118.85	\$267.58	\$1,326.42	\$61.83	\$96.29	\$158.12	\$1,180.67	\$303.87	\$1,484.54
N Nitche Gulch #30 8	\$2,272.36	\$227.09	\$2,449.44	\$359.90	\$192.72	\$552.12	\$2,582.26	\$424.11	\$3,006.57
Totals	\$1,108,389.31	\$168,908.11	\$1,777,357.42	\$43,540.24	\$82,451.74	\$135,991.99	\$1,151,929.55	\$761,419.85	\$1,913,349.41

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$4 800/MMBTU is used for the Nitche Gulch #21-21 and #22-8 wells beginning 5/16/91 and for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1973 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
All BTU values are "net" determinations.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHARE
Hugers Federal #20-12	\$18,139.45	\$3,229.03	\$21,368.53	\$841.07	\$1,512.75	\$2,353.92	\$18,980.52	\$1,741.84	\$23,722.35
Hugers Federal #1-12	\$141,994.51	\$103,126.88	\$245,121.41	\$2,836.90	\$11,895.05	\$14,731.94	\$144,831.43	\$114,821.93	\$259,653.38
Nitche Gulch #1-17	\$21,079.50	\$7,354.72	\$29,074.22	\$4,900.00	\$1,971.26	\$6,871.27	\$26,579.50	\$9,365.89	\$35,945.49
Nitche Gulch #2-20D	\$11,821.68	\$8,656.99	\$20,478.68	\$0.00	\$961.28	\$961.28	\$11,821.68	\$9,618.28	\$21,439.98
Nitche Gulch #2-20F	\$22,038.51	\$21,798.57	\$43,835.08	\$0.00	\$1,701.90	\$1,791.90	\$22,038.51	\$23,590.47	\$45,626.98
Nitche Gulch #3-21	\$579.73	\$143.63	\$723.36	\$307.38	\$62.78	\$370.16	\$887.11	\$208.41	\$1,095.52
Nitche Gulch #4-17D	\$37,305.82	\$17,964.76	\$55,290.38	\$548.57	\$3,064.34	\$3,612.91	\$37,854.19	\$21,049.11	\$58,903.30
Nitche Gulch #4-17F	\$54,725.02	\$46,493.32	\$101,218.34	\$1,303.58	\$4,518.48	\$5,822.08	\$56,028.60	\$51,011.80	\$107,040.40
Nitche Gulch #5-19	\$4,832.53	\$4,740.18	\$9,572.71	\$0.00	\$392.96	\$392.96	\$4,832.53	\$5,133.13	\$9,965.66
Nitche Gulch #6-7	\$155,935.53	\$122,323.69	\$278,259.22	\$4,115.88	\$12,874.44	\$16,990.10	\$160,051.20	\$135,198.13	\$295,249.32
Nitche Gulch #7-8	\$176,520.37	\$126,800.84	\$303,321.21	\$10,714.74	\$14,825.02	\$25,539.76	\$187,235.11	\$141,825.88	\$328,360.97
Nitche Gulch #8-18	\$184,701.78	\$110,854.16	\$295,555.94	\$10,853.44	\$15,524.38	\$26,377.82	\$195,555.22	\$128,378.54	\$323,933.76
Nitche Gulch #11-9	\$11,677.07	\$8,978.88	\$20,655.93	\$44.73	\$951.26	\$996.00	\$11,721.80	\$9,830.13	\$21,651.93
Nitche Gulch #12-18	\$34,982.01	\$18,046.92	\$51,008.93	\$885.41	\$2,874.59	\$3,560.00	\$35,647.42	\$18,921.51	\$54,568.93
Nitche Gulch #13-20	\$44,943.18	\$18,343.47	\$63,278.66	\$1,053.51	\$3,708.43	\$4,761.93	\$45,996.70	\$22,041.89	\$68,038.59
Nitche Gulch #14-7	\$33,941.78	\$8,140.88	\$40,082.68	\$5,882.68	\$3,027.13	\$8,909.82	\$39,824.48	\$9,168.02	\$48,992.48
Nitche Gulch #15-8X	\$3,614.45	\$1,093.14	\$4,707.58	\$226.59	\$304.18	\$530.77	\$3,841.04	\$1,397.32	\$5,238.35
Nitche Gulch #16-28D	\$15,554.79	\$3,987.47	\$19,522.25	\$811.47	\$1,614.34	\$2,425.81	\$16,366.25	\$5,581.81	\$21,948.06

# NITCHE GULCH BTU ADJUSTMENT

## CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY

\$4 800/MMBTU is used for the Nitche Gulch #21-21 and #22-8 wells beginning 5/18/91 and for all other wells beginning 1/1/93.

BTU Corrections: 110% of the greatest BTU value from first production through October 1993 for each well was used to correct the reported BTU values from July 1974 through June 1984. The greatest BTU value from first production through October 1993 was used to correct the reported BTU values from July 1984 through October 1993.  
All BTU values are "wet" determinations.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHAPE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHAPE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHAPE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHAPE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et al SHAPE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et al SHAPE
Nitche Gulch #1d 28F	\$14,095.72	\$1,707.29	\$17,739.01	\$1,770.57	\$1,229.63	\$1,000.70	\$15,866.28	\$4,931.93	\$20,798.21
Nitche Gulch #17 16U	\$18,181.05	\$4,179.01	\$20,900.08	\$583.43	\$1,358.45	\$1,941.87	\$16,964.47	\$5,937.46	\$22,901.93
Nitche Gulch #17 16L	\$7,629.89	\$2,373.82	\$10,003.80	\$74.54	\$623.81	\$698.35	\$7,704.53	\$2,967.62	\$10,702.15
Nitche Gulch #18 29	\$8,423.35	\$929.05	\$7,352.39	\$1,462.78	\$591.24	\$1,054.02	\$7,886.13	\$1,520.28	\$9,406.41
Nitche Gulch #19 7	\$11,205.36	\$2,038.40	\$13,241.76	\$1,160.15	\$863.25	\$2,123.41	\$12,365.51	\$2,999.65	\$15,365.16
Nitche Gulch #20 18	\$9,375.63	\$1,700.58	\$11,076.18	\$644.67	\$794.69	\$1,439.56	\$10,020.30	\$2,495.25	\$12,515.55
Nitche Gulch #21 21F	\$2,822.59	\$291.47	\$3,114.06	\$162.07	\$234.89	\$396.96	\$2,984.68	\$528.36	\$3,511.01
Nitche Gulch #21-21U	\$11,552.82	\$1,284.03	\$12,836.85	\$556.16	\$857.84	\$1,514.00	\$12,108.98	\$2,241.87	\$14,350.85
Nitche Gulch #22 8	\$8,811.45	\$731.50	\$9,542.95	\$839.61	\$767.33	\$1,606.94	\$9,651.08	\$1,498.84	\$11,149.90
Federal 1-28D	\$796.41	\$85.79	\$882.18	\$283.08	\$76.00	\$359.07	\$1,079.48	\$161.78	\$1,241.27
Federal 1-28F	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gov't Anderson #1 8	\$8,144.19	\$4,847.21	\$11,091.40	\$95.17	\$503.74	\$598.91	\$6,239.35	\$5,450.95	\$11,690.30
Jankelson #A 1	\$18,300.32	\$12,856.75	\$28,957.07	\$111.97	\$1,329.81	\$1,441.88	\$16,412.29	\$13,988.68	\$30,398.95
N. Nitche Gulch #2 8	\$20,840.86	\$5,209.64	\$26,050.50	\$1,028.22	\$1,744.53	\$2,772.75	\$21,869.08	\$6,954.17	\$28,823.25
N. Nitche Gulch #20 8	\$1,118.85	\$207.58	\$1,326.42	\$77.28	\$97.02	\$174.30	\$1,186.13	\$304.58	\$1,500.72
N. Nitche Gulch #30 6	\$2,222.38	\$227.09	\$2,449.47	\$449.88	\$201.40	\$651.28	\$2,672.24	\$428.49	\$3,100.72
Totals	\$1,110,688.40	\$669,069.74	\$1,779,758.20	\$54,425.30	\$93,148.30	\$147,573.60	\$1,165,111.76	\$762,218.04	\$1,927,329.80

5000 SOUTH QUEBEC • SUITE 500 • DENVER 1, COLORADO 80237-2707, USA • PHONE 303-850-7490

FAX: 303-850-7498

TELEX: 510 600 2130 ENERGY DVR

February 17, 1994

Mr. Alan J. Walker  
Director  
Gas Acquisitions and Marketing  
Mountain Fuel  
P.O. Box 11865  
Salt Lake City, Utah 84147-0865

Dear Alan:

Purely accidentally, we found a BTU measurement for the #1 Anderson Government well which was the former name of the discovery well--namely, the 1-17. I was pleasantly surprised to see that the Dakota BTU was 1503.

Attached please find the gas analysis for the 1-17 well, plus the computations which were made in accordance with terms on the computations.

Attached also is the cleaned up set of BTU plots. The one previously sent to you was the worksheet.

Sincerely yours,

GRYNBERG PETROLEUM COMPANY

Jack J. Grynberg  
President

cc: Tom Toner

JJG/lv

EXHIBIT

4

1698

Tab 8

**GRYNBERG PETROLEUM COMPANY**

453  
TMM  
RJG

5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237-2707 USA • PHONE 303-850-7490

TELEX: 510 800 2180 ENERGY DVR  
TELECOPIER: 303-850-7490

November 4, 1987

VIA FEDERAL EXPRESS

Mr. Brice Bergquist  
Gas Purchase Representative  
Mountain Fuel Resources, Inc.  
79 South State Street  
Salt Lake City, UT 84147

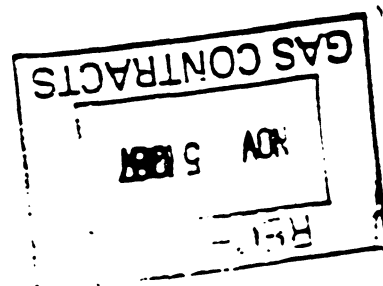
Re: Chivington #1 Well  
State Grynberg #1 Well

Dear Mr. Bergquist:

Reference is made to the Chivington #1 well. During the month of December 1986, the well was operated by Wexpro. Wexpro supplied us with production records, copies of which are enclosed, indicating during the month of December, 4774 MCF was produced by the Chivington #1 well. We were paid for 3715 MCF for the subject well. In January and February of this year, we contacted your accounting people and were promised to get an explanation as to the discrepancy, which I am sure you will agree, is very significant. The purpose of this letter is to request in writing why such a discrepancy took place.

Another purpose of this letter is to request that you forward to us the original meter charts for the Chivington #1 well for each month the well produced, so we can have an independent consultant verify these charts. We request that you forward these charts on a monthly basis from now on.

The same thing is applicable to the State Grynberg #1 well. We would like to receive the charts for each month you take production from it.



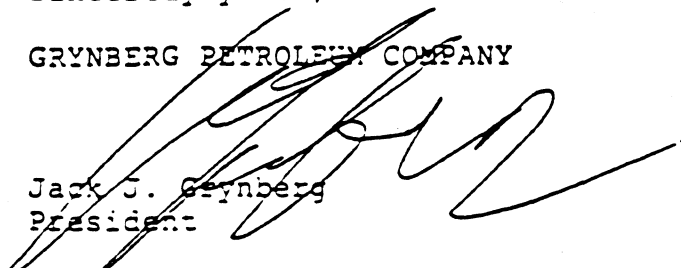
1710

Mr. Brice Bergquist  
November 4, 1987  
Page 2

In addition, please find a photocopy of a BTU measurement of the Chivington #1 well by Measurement Auditors Co. The correct BTU indication based on the contract is 1250.1. Your company has been using 1167, indicating a very significant discrepancy in computations. Would you please respond in writing?

Sincerely yours,

GRYNBERG PETROLEUM COMPANY



Jack J. Grynberg  
President

JJG/mc

Encls.

cc: Ernest Lohf, Esq. (with enc.)

1711



MEASUREMENT  
AUDITORS  
COMPANY

### COMPOSITIONAL HYDROCARBON ANALYSIS

COMPANY: GRYNBERG PETROLEUM CO.  
WELL NAME: CHIVINGTON # 1  
FIELD: POWDER WASH  
COUNTY: MOFFAT  
STATE: COLORADO  
TYPE SAMPLE: NATURAL GAS

### SAMPLING CONDITIONS

SAMPLED BY: JUDSON VANDERTOLL  
SOURCE: WELL HEAD  
METHOD: PURGE & FILL  
CONTROL NO: #10046-167  
SAMPLING DATE: 8/18/87  
TEMPERATURE: 65  
PRESSURE: 950

### ANALYSIS CONDITIONS

ANALYZED BY: CDH  
INSTRUMENT: HPS880  
ANALYSIS DATE: 8/25/87  
TEMPERATURE: OVEN PROG.

COMPONENT	MOLES	GPM
NITROGEN	1.012	
CO2	0.399	
METHANE	79.400	
ETHANE	9.306	2.489
PROPANE	6.728	1.854
I-BUTANE	1.083	0.354
N-BUTANE	1.528	0.482
I-PENTANE	0.308	0.113
N-PENTANE	0.212	0.077
HEXANES	0.024	0.010
HEPTANES+	0.000	0.000
TOTALS	100.000	5.379

GROSS BTU/CU.FT. @ 14.73 PSIA (DRY) 1250.1  
GROSS BTU/CU.FT. @ 14.73 PSIA (SAT) 1228.4  
GROSS BTU/CU.FT. @ 14.65 PSIA (DRY) 1243.3  
GROSS BTU/CU.FT. @ 14.65 PSIA (SAT) 1221.5  
SPECIFIC GRAVITY 0.7229

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1713

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[illegible]

Don A. Johnston

Journal of Management Inquiry 22(1) 3-16

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12-17

18.

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17 16

Tab 9

FACSIMILE

WORKING  
COPY

GRYNBERG PETROLEUM COMPANY

5000 South Quebec Street, Suite 500

Denver, Colorado 80237

Telephone 303-850-7490

FAX 303-850-7498

TELEX 510-600-2180 (ENERGY DVR)



NUMBER OF PAGES INCLUDING THIS PAGE: /

TO: BILL LEWIS  
HUNT OIL COMPANY

FROM: JACK J. GRYNBERG

DATE: JULY 13, 1993

Dear Bill:

I tried to call you today because we need the following:

- 1) Has Hunt or PEOC taken any Btu measurements in the Nitchie Gulch Field?
- 2) If you haven't taken any, would you please immediately get samples and send them to Precision Service to get an independent measurement, and of course this applies to every well.
- 3) Have you or PEOC gotten any reports from Questar of Btu measurements? The contract provides that such measurements are to be taken every three months.
- 4) May we get compressor report copies for all of 1988. We have gotten them from PEOC for 1989-1992.
- 5) You have not responded to my fax of approximately 5 weeks ago where I have asked as operator you continue and keep the daily operating records. For your information, our trial was postponed to November 15, so we need the records for 1993.

When you get this fax, will you please call me.

Sincerely,

GRYNBERG PETROLEUM COMPANY

*Jack J. Grynberg* (x)  
Jack J. Grynberg, President

JJG/lv

Grynberg v. Questar  
CA No. 97CV0477

GRYN/QUES 04-52  
Venglar Deposition

Tab 10

WORKING  
COPY



July 21, 1993

Grynberg Petroleum Company  
5000 South Quebec  
Suite 500  
Denver, Colorado 80237-2707

HUNT OIL COMPANY  
800 Werner Court, Suite 200  
P.O. Box 3119  
Casper, Wyoming 82602  
(307) 237-8461  
Fax (307) 237-7669

Attn: Jack J. Grynberg

RE: Response to Request for Information  
Nitchie Gulch Field

Gentlemen:

Enclosed you will find copies of the latest Questar BTU measurement reports together with copies of our April, 1993 independent sample analysis. Comparison of the two values will show that Questar's values are, on the average, actually higher than the independent sample values.

We do not have any compressor reports for 1988. Hunt Oil Company is continuing to keep the daily production records, copies of the daily reports for January through May, 1993 are enclosed for the wells in which you have a working interest. You have previously received the reports from prior years.

In response to your verbal request for chart integration results, I have enclosed copies of the monthly comparison report for those months which we still had in our files. The "PUR. VOL." listed on these reports came from Questar's integration and the "AUDIT VOL." came from Precision Service Inc.'s audit of the same sales charts.

Sincerely,

Hunt Oil Company

A handwritten signature in black ink, appearing to read "John R. Landreth".

John R. Landreth, P.E.  
Senior Production Engineer

JRL:cb

cc: Bill Lewis

Grynberg v. Questar  
CA No. 97CV 0477

Venglar Deposition  
10/21/97  
Exhibit No. \_\_\_\_\_

GRYN/QUES 04-779

1796



Tab 11

GRYNBERG PETROLEUM COMPANY

5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237-2707, USA • PHONE 303-850-7490

FAX: 303-850-7498  
TELEX: 510,600 2180 ENERGY DVR

December 9, 1994

Mr. Alan J. Walker  
Director  
Gas Acquisitions and Marketing  
Mountain Fuel  
P.O. Box 11865  
Salt Lake City, Utah 84147-0865

Via Fax #801-530-2970

Dear Mr. Walker:

Thank you for your letter of December 7.

Your Item 5: Attached please find the computations for BTU damages as of December 31, 1993. We will update those through December 31, 1994 on Monday. In addition to that, we will incorporate the prices awarded by the jury, but you can see what the damages are, because the price awarded by the jury is slightly greater than \$3.217. Thus, the damages as of December 31, 1993 would be slightly greater than \$7.3 million.

Your Item 6: Similarly, we need to update the damages because the damages attached hereto are as of September 1, 1993 and they are take-or-pay damages for Sugar Loaf, Powder Wash and Hiawatha West.

Your Item 9: I am sorry if I didn't mention it--it was an oversight on my part. The amount in question is relatively small. I will agree without knowing the price amount that the take-or-pay amount for 1993 will not exceed \$20,000.

Your Item 10: You are absolutely right. If we cannot get an agreement from the operator, then we will stay as it is right now with the operator.

Your Item 12: That request in our opinion is premature. If we can agree in principle, your attorney and Tom Toner will draft a mutually-agreeable release.

Alan J. Walker  
December 9, 1994  
Page 2

Your Item 13: To clarify Item 13, our intent is to commence a class action on the basis of BTU deficiencies paid to all the producers, the federal, state and private royalty and overriding royalty owners, and the state taxes in southwestern Wyoming, northwestern Colorado and northeastern Utah. In addition, the action will involve an anti-trust claim to break up Questar Corporation into four entities: a) producer; b) transporter; c) storage; d) distribution; with separate ownership of each company.

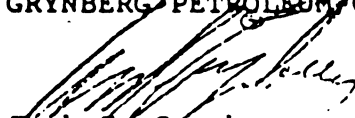
I do not understand the fourth line from the top in your Item 13, "Please provide a draft of the referenced agreement." I did not reference any agreement in my Item 13; however, if you are referring to an agreement between Grynberg and Susman-Godfrey, that is an attorney privilege item, and I cannot give you a copy.

My secretary faxed you yesterday the background on Susman-Godfrey.

I trust this answers the questions you have raised. If you have any other questions or comments, feel free to contact me.

Very truly yours,

GRYNBERG PETROLEUM COMPANY



Jack J. Grynberg  
President

Attachments

cc: Tom Toner, Esq.

JJG/lv

GRYN/QUES 08686

2241

**Questar Take-Or-Pay Calculation -  
Miscellaneous Fields**

Field	Well Name	Total TOP Deficiency	Opportunity Cost @ 19.7%	Statutory Interest	Total Due
Sugarloaf	Grynberg State #1	\$330,493.83	\$239,376.66	\$97,725.35	\$667,595.84
Powder Wash	Chivington #1	\$47,043.72	\$6,311.84	\$2,166.72	\$55,522.29
Hiawatha West	Federal #1-21	\$43,101.81	\$30,081.29	\$32,117.87	\$105,300.98
<b>Totals</b>		<b>\$420,639.36</b>	<b>\$275,769.80</b>	<b>\$132,009.95</b>	<b>\$828,419.11</b>

Interest and Opportunity Cost calculated to 9/1/93.

# NE COMPANY

## ERG, and L. R. EXPLORATION VENTURE

### BTU ADJUSTMENT

### TED BTU DAMAGE SUMMARY

ing 5/16/91. \$2 852/MMBTU for Nitchie Gulch  
ederal #1-12 beginning 7/26/89. These pnces are from

YST - 1/1/93			TOTAL	
SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et. al. SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et. al. SHARE	SIMPLE INTEREST 7% TO 2/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et. al. SHARE
105,337 32	\$778,128.83	\$5,153,792.62	\$2,082,978.47	\$7,236,771 09
106,095 93	\$798,330 68	\$5,173,235 86	\$2,083,737 08	\$7,256,972 94
107,639 05	\$839,424.19	\$5,212,786.25	\$2,085,280 20	\$7,298,068 45
109,944 49	\$900,818.10	\$5,271,874.72	\$2,087,585 64	\$7,359,460 36
113,497 00	\$995,421 88	\$5,362,925.99	\$2,091,139.15	\$7,454,064.14

h #1-17 Dakota formation was 1.248 MMBTU/MCF.  
s from July 1984 through December 1993. 110% of  
from July 1974 through June 1984.  
Gulch #8-18 Frontier formation was 1.157 MMBTU/MCF.  
s from July 1984 through December 1993. 110% of  
s from July 1974 through June 1984.

242

**QUESTAR PIPELINE COMPANY**  
**vs.**  
**JACK J. GRYNBERG, CELESTE C. GRYNBERG, and L. R. EXPLORATION VENTURE**  
**NITCHIE GULCH BTU ADJUSTMENT**  
**CORRECTED BTU vs REPORTED BTU DAMAGE SUMMARY**

\$3.076/MMBTU is used for the Nitchie Gulch #21-21 and #22-8 wells beginning 5/16/91. \$2.852/MMBTU for Nitchie Gulch wells: #1-17, #3-21, #6-7, #7-8, #11-9, Gov't Anderson #1-6, and Rogers Federal #1-12 beginning 7/26/89. These prices are from Docket R389-8.  
All computations are through 12/31/93.

	PRE - 1/1/93			POST - 1/1/93			TOTAL		
	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et. al. SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et. al. SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et. al. SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et. al. SHARE	DIFFERENCE IN THE AMOUNT OWED FOR GRYNBERG et. al. SHARE	SIMPLE INTEREST 7% TO 3/1/94	TOTAL AMOUNT OWED FOR GRYNBERG et. al. SHARE
1993 \$/MMBTU									
\$2.595	\$4,781,001.11	\$1,677,641.15	\$6,458,642.26	\$372,791.51	\$405,337.32	\$778,128.83	\$5,153,792.62	\$2,082,978.47	\$7,236,771.09
\$2.800	\$4,781,001.11	\$1,677,641.15	\$6,458,642.26	\$392,234.75	\$406,095.93	\$798,330.68	\$5,173,235.86	\$2,083,737.08	\$7,256,972.94
\$3.217	\$4,781,001.11	\$1,677,641.15	\$6,458,642.26	\$431,785.14	\$407,639.05	\$839,424.19	\$5,212,786.25	\$2,085,280.20	\$7,298,066.45
\$3.840	\$4,781,001.11	\$1,677,641.15	\$6,458,642.26	\$490,873.61	\$409,944.49	\$900,818.10	\$5,271,874.72	\$2,087,585.64	\$7,359,460.36
\$4.800	\$4,781,001.11	\$1,677,641.15	\$6,458,642.26	\$581,924.88	\$413,497.00	\$995,421.88	\$5,362,925.99	\$2,091,138.15	\$7,454,064.14

**BTU Corrections:** The March 3, 1989 reported BTU value for the Nitchie Gulch #1-17 Dakota formation was 1.248 MMBTU/MCF. This BTU value was used to correct ALL Dakota BTU values from July 1984 through December 1993. 110% of this BTU value was used to correct ALL Dakota BTU values from July 1974 through June 1984.  
The December 12, 1989 reported BTU value for the Nitchie Gulch #8-18 Frontier formation was 1.157 MMBTU/MCF. This BTU value was used to correct ALL Frontier BTU values from July 1984 through December 1993. 110% of this BTU value was used to correct ALL Frontier BTU values from July 1974 through June 1984.

Tab 12

Tab 13